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**DRAFT UPDATE
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DRAFT
CITY OF SACRAMENTO
HOUSING ELEMENT UPDATE
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1. INTRODUCTION

1.1 Intent and Purpose

State housing element law (Government Code Sections 65580-65589.8) requires each local government to periodically review and update the housing element of its General Plan every five years. Pursuant to law, the City of Sacramento is required to analyze its housing needs and develop a detailed plan to provide adequate housing opportunities to all households. These efforts will help meet regional housing needs and contribute toward attainment of the state goal of safe and adequate housing for all Californians.

The housing element update process covers the six following steps:

- Review and evaluation of previous element
- Assessment of housing needs
- Inventory of land resources
- Analysis of governmental constraints on housing development
- Statement of quantified housing objectives, and
- Identification of programs for implementation.

Besides these requirements, recent changes in State law require local governments to include the following supplemental information in the element update:

- Analysis and identification of programs to address potential conversion of assisted, multi-family rental housing developments ("opt-outs") to non-low income housing.
- Description of use of monies in a redevelopment agency's Low and Moderate Income Housing Fund.
- Analysis of special housing needs and identification of programs to address homelessness.
- Annual report to the legislative body on the status of the implementation program and progress in meeting the City's regional housing needs.

1.2 Format of Housing Element

The element is divided primarily into three sections. The first is an analysis of existing and projected housing needs. Second is a description of goals and policies to provide housing in response to those needs. Third, a five-year implementation program completes the primary sections. Other sections cover the supplemental State requirements previously described. The basic format of the element parallels the State's update process outlined in the following flow chart.

Housing Element Process

Review of Previous Element

- Objectives
- Results
- Implications for new element

Housing Needs Assessment

Existing Needs-

- Overpayment
- Overcrowding
- Substandard conditions
- Special needs groups

Projected Needs-

- Regional Housing Needs plans prepared by COGs

Resource Inventory

Adequate Sites-

- To accommodate regional share by income group
- Public facilities and services

Constraints on Housing

Governmental-

- Land use controls
- Codes & enforcement
- On/off-site improvements
- Fees and exactions
- Permit procedures

Nongovernmental-

- Financing
- Land cost
- Construction cost

Programs

- Identify adequate sites
- Assist development of low- and moderate-income housing
- Remove or mitigate constraints
- Conserve and improve existing affordable housing
- Promote equal housing opportunity

Quantified Objectives

- New construction
- Rehabilitation
- Conservation of existing affordable units

Additional analysis of the potential loss and preservation of assisted rental units at risk of losing low income affordability controls, and identification of governmental and nongovernmental constraints to housing development and preservation are included in the element. It also contains a description of the use of money in the City's low and moderate income housing fund. Tables and charts supporting the land inventory, needs analysis and objectives are located in the Technical Appendix to the element.

1.3 Relationship to Other General Plan Elements

The Housing Element is part of the City's General Plan and is consistent with the other General Plan elements. Land use and housing objectives in the Housing Element are supportive of existing goals and objectives in the Residential Land Use and Circulation Elements. Moreover, the Housing Element supports Sacramento's overall urban growth policy statements found in the introduction to the City's General Plan.

1.4 Relationship to Other Housing Plans and Programs

Internal consistency is maintained with existing community plans, the Zoning Ordinance and various housing plans and programs. In addition, the Housing Element is internally consistent with the City of Sacramento's Comprehensive Housing Affordability Strategy (CHAS), a planning document prepared by the Sacramento Housing and Redevelopment Agency that addresses long and short term assisted housing needs.

1.5 Citizen Participation

Several focus meetings were held early in the update process to receive public input. A heterogeneous group consisting of environmentalists, neighborhood representatives, affordable housing advocates, non-profit developers, for-profit developers, realtors and service providers commented on the initial needs analysis and the identification and remedy of barriers to affordable housing. Members of the public were invited to attend a workshop with the Planning Commission held early in the update process. Staff developed the goals and policies based on this input.

The complete administrative draft was circulated to citywide and neighborhood-based organizations representing all economic segments of Sacramento. Furthermore, staff solicited comments from a task force representing housing experts and advocates. Such groups included the Sacramento Housing Alliance, the Building Industry Association, the Sacramento Board of Realtors, Legal Services of Northern California, the Sacramento County Alliance of Neighborhoods (SCAN) and the Sacramento Valley Apartment Association. Every effort was made to include both the private and public sectors in order to reach an understanding of the obstacles to affordable housing development and agreement toward their removal.

2. ANALYSIS OF PAST PERFORMANCE

2.1 Purpose

Assessment of the previous element, a first step in the update process, enables the local jurisdiction to determine the effectiveness of its policies and programs in addressing adopted housing goals and objectives. Through this process, the City of Sacramento compared its 1985 objectives with actual housing performance: housing units constructed and preserved, and households assisted. Evaluation of the previous update's housing policies and programs identified successful as well as ineffective programs, thereby providing the City with understanding of changes necessary to improve the effectiveness of existing programs.

2.2 Previous Housing Goals

Preservation, maintenance and construction of new housing affordable to all economic segments were the primary goals set forth in the previous element update. Specifically, those goals were the following:

- Maintenance and improvement of the existing housing stock
- Examination of the possibilities and implications of increasing the ratio of housing to jobs
- Meeting new housing needs for all income groups
- Provision of affordable housing for all income groups
- Provision of safe and attractive quality housing
- Provision of a mixture of housing types and styles throughout the city
- Prevention of housing discrimination and provision of accessibility and housing opportunities for special needs groups
- Assurance that regional housing needs are met in a timely, efficient and equitable manner
- Creation of new programs emphasizing the utilization of local resources to meet Sacramento's changing housing provision needs.

Various policies and programs met specific objectives within each goal. Time frames and numerical objectives accompanied certain goals and policies. Other policies were broad statements whose objectives were qualitative rather than quantitative.

2.3 Comparison of Objectives With Accomplishments

In the 1985 Housing Element Update, the City set quantified objectives for accomplishment over the 1985-1991 five-year period. Those objectives concerned the preservation of existing housing, including residential hotel and single room occupancy (SROs) rooms, and new housing construction.

The City met modest objectives set for rehabilitation of existing housing stock (non-SRO units) and construction of new senior housing. Overall, Sacramento exceeded total new housing construction targets. Those units, however, were insufficient to meet the new housing needs of lower income residents. Furthermore, the City was unable to meet its objectives for the preservation of residential hotel units, often the last resort housing for very low income residents.

The following information is a partial summary of actual housing accomplishments since 1985. It is based on information provided by the Sacramento Housing and Redevelopment Agency (SHRA), Human Rights and Fair Housing Commission, and the Department of Planning and Development. The summary includes the projected time frame for achieving the objective, the local agency responsible for meeting those objectives and accomplishments. A complete analysis of the City's previous performance will be included in the Technical Appendix to the Element.

■ Goal: Maintenance & improvement of the existing housing stock

Objective 1: Rehabilitation of 100 housing units

Time frame: 1991

Lead Agency: SHRA

Accomplishments:

- Funding of Neighborhood Housing Services, a non-profit organization program, since 1986 for the revitalization and residential preservation of the Gardenland/Norauto, Oak Park and Fruitridge/Pocket neighborhoods.
- Rehabilitation of 682 single family homes since 1984.
- Authorization of 1613 emergency homes repairs for low income homeowners since 1984.
- Renovation of 674 private rental units under the Rental Rehabilitation Program.

Comments:

The 1985 objective was unrealistically low to aggressively address the rehabilitation needs. In its 1988-1991 Housing Assistance Plan, SHRA inventoried 11,718 substandard housing units (approximately 8.5% of the City's housing stock). The City should increase its rehabilitation objective.

Objective 2: Retention and preservation of 1028 residential hotel rooms, and replacement of 40 SRO rooms [that were either demolished or converted in the past].

Time frame: 1991

Lead Agency: SHRA

Accomplishments:

- 1986: Rehabilitation of Sequoia Hotel (88 rooms) and YWCA (32 rooms). 1988: Ridgeway Hotel (53 rooms) and Midtown Motel (20 rooms). Total: 193 SRO rooms preserved.
- Appropriation by City Council of \$7 million of 1990 tax allocation bond proceeds toward preservation and new construction of SRO housing supply.

Comments:

Mixed performance due to the demolition of the Californian Hotel (112 rooms) as part of the Library Plaza project and the conversion of Ricci's (17 rooms) to luxury apartments resulted in the loss of 129 rooms total, leaving the present supply at 900 units.

- **Goal: Provision of mixture of housing types and styles to encourage accessibility and choice for all income and need groups.**
-

Objective 1: Construction of a minimum 20,000 housing units, with a minimum of 10,000 units affordable to low income households.

Time frame: 1991

Lead Agency: SHRA and the City

Accomplishments:

- 20,742 new housing units (104% of stated housing objective) were constructed between January 1985 and November 1990.

- 2,382 new lower income housing units (approximately 24% of the 10,000 lower income unit objective) were built between January 1985 and September 1990.

Comments:

The City surpassed the 20,000 new housing unit objective.

Federal and State funding cutbacks resulted in lower than anticipated housing production for low and very low income households. New local financing initiatives (such as the City's Housing Trust Fund) have not been fully implemented due to litigation and voluntary programs (such as density bonus programs) have not been utilized by the building industry.

- **Goal: Prevention of housing discrimination, and provision of accessibility and housing opportunities for special needs groups, such as the elderly, disabled, large families, female headed households, low income single persons, and persons and families in need of emergency shelter.**
-

Objective 1: Construction of 300 new senior housing units in the northeast Downtown neighborhood and an additional 200 senior housing units throughout the city. Total: 500 new housing units for senior citizens.

Time frame: 1991

Lead Agency: SHRA

Accomplishments:

- Construction of Riverview Plaza, 123 units, 100% low income, in the downtown area.
- Construction of Woodhaven Senior housing in North Sacramento, 104 units, 100% very low income.
- Total: 228 new housing units affordable to low income seniors were built, achieving 46% of the 1985 five-year objective. However, privately developed senior housing projects exceeded the overall goal. In 1989, 4,006 senior housing units existed in the entire city.

Comments:

The objective was too specific in terms of the geographic area. Given its overall accessibility to services and public transit, the Downtown area is

and affordability of senior housing require public assistance which has been limited due to cutbacks in federal housing programs and competition for available state and local funds. Strong competition from the Bay Area made the State Tax Credit Program particularly impossible for local developers.

Objective 2: Provision of one emergency shelter for families and four emergency shelters for single people, in conjunction with County.

Time frame: 1991

Lead Agency: City/County/SHRA

Accomplishments:

- Single-person shelters: Six single-person shelters are located in the City for a total of 336 beds. One single-person shelter located in the County has 24 beds.
- Family shelters: Three family shelters (119 beds total) are available to City and County residents.
- Other emergency shelters serving clients with special needs: Sixty beds exist at a shelter for people under the influence of alcohol. Seventeen beds are at a shelter for the mentally ill.
- The twelve emergency shelters listed above house a total of 556 homeless individuals and families in the City and County.
- Winter overflow: Approximately 400 additional beds are available at emergency shelters in the City and County of Sacramento during the winter. In addition, 1550 motel vouchers for families with children are provided during months of inclement weather.
- Transitional housing: Four transitional housing programs with scattered sites throughout the City and County can accommodate 172 homeless persons.

Comments:

While the City, in conjunction with the County, clearly surpassed its earlier objective to provide emergency shelters to the homeless, the need has grown dramatically since 1985. SHRA is in the process of implementing a more comprehensive emergency shelter program that will coordinate the provision of food, health care, counseling and job training services.

3. HOUSING NEEDS ASSESSMENT

Changes in the composition of Sacramento's population, along with the area economy, affect local housing needs. This section provides information on those changes and describes population trends and existing and future housing needs.

3.1 Population and Household Characteristics

Population and Household Growth Rates

According to the 1990 U. S. Census, Sacramento's population was 369,365. As shown in Table 3-1, this is an increase of 34% over the 1980 population of 275,741 and 44% over the 1970 population of 257,105. The County has seen a similar increase. The City's share of the county population has decreased since 1970. Sacramento's share of the state population has remained relatively constant (at 1.2-1.3% of the total), while the County's share has increase slightly over time. Since the 1990 Census to January 1992, the City's population is estimated to have grown to 385,100, while the County's population has grown to 1,099,100. (Source: SACOG Population Module).

Table 3-1
POPULATION CHANGE 1970-1990

YEAR	CITY OF SACRAMENTO	SACRAMENTO COUNTY	CALIFORNIA
1970	257,105	634,373	20,038,164
1980	275,741	783,381	23,775,360
1990	369,365	1,041,218	29,760,021
1992	385,100	Not available	Not available

Source: SACOG, Department of Finance Data Center.

As shown in Table 3-2, the number of households in Sacramento increased from 91,697 in 1970 to 112,859 in 1980, and to 144,661 in 1990. The 1990 figure represents a 58% increase since 1970 and a 28% increase over 1980. More intense growth occurred in the County of Sacramento which had a 95% increase in the number of households over a twenty-year period. Since the 1990 Census (to January 1992) the number of households in the City is estimated to have grown to 147,987 while the number of households in the County has grown to 411,848. (This recent update is based on the Department of Finance E-5 Report).

Sacramento County has been a high growth area in the last two decades, accounting for an increasing share of California's population.

Table 3-2
HOUSEHOLD CHANGE 1970-1990

YEAR	NUMBER OF HOUSEHOLDS	
	CITY OF SACRAMENTO	SACRAMENTO COUNTY
1970	91,697	202,953
1980	112,859	299,805
1990	144,661	394,530
1992	147,987	411,848

Source: State Department of Finance Census Data Center.

Group Quarters Population

The City's group quarters population, composed of individuals residing in school dormitories, correctional institutions, rooming houses, and convalescent homes, increased by 1,948 or 31.5% from 1980 to 1990. Although relatively small in number, this population is significant the calculation of the number of independent living units. More importantly, the group quarters' population represents residents with special needs, both for housing and support services.

According to the Department of Finance, this figure has further increased from 1990 to January 1992 to 8528 individuals. The County's group quarter population has increased from 14,707 to 22,144 in 1980-1990, and to 23154 in 1992.

Population by Community Plan Areas

Tables 3-3 and 3-4 provide breakdowns of the City's population and housing data by Community Plan Areas. These figures which do not reflect the recent 1990 Census, indicate the result of a 1980 Census-based growth model used by the Sacramento Area Council of Governments (SACOG). These areas are shown on Map 3-1.

South Natomas, the Pocket, South Sacramento and North Sacramento had the highest population growth rate from 1980 to 1990. As might be expected, dwelling unit growth correlated very closely with population growth. These same areas also led in population growth and ranked among the highest in vacant land planned for residential use in the last update. Given its large amount of vacant land that was indicated in the 1985 Housing Element, Airport Meadowview has experienced a relatively small

amount of population and housing growth. This area has been economically impacted over this time period, and has apparently been less attractive to developers.

Table 3-3
POPULATION BY COMMUNITY PLAN AREA - 1980-1990 PERIOD

<u>Community Plan Area</u>	<u>1980</u>	<u>1985</u>	<u>1990</u>	<u>% Increase 1980-90</u>	<u>85-90</u>
Airport/Meadowview	30,486	32,401	32,328	6.0	<-0.2>
Arden/Arcade	10,248	11,018	11,256	9.8	2.2
Central City	28,956	30,697	30,294	4.6	<-1.3>
East Broadway	37,845	39,812	39,867	5.3	0.1
East Sacramento	34,644	35,833	35,411	2.2	<-1.2>
Land Park	33,839	34,912	34,593	2.2	<-0.9>
North Natomas	643	690	694	7.9	0.6
North Sacramento	34,560	34,108	40,292	16.6	18.1
Pocket	23,716	32,798	43,018	81.4	31.2
South Natomas	10,418	17,762	29,763	185.7	67.6
South Sacramento	28,721	39,992	48,972	70.5	23.4
Total	274,076	310,023	346,488	26.4	11.8

Source: SACOG. This table is based on 1980 Census data.

North Natomas, the area with the most vacant land, remains undeveloped. The recent community planning process is expected to contribute to its future development. In addition, the residential building moratorium and flood control issue have limited the area's development.

Table 3-4
HOUSING UNITS BY COMMUNITY PLAN AREA - 1980-1990 PERIOD

<u>Community Plan Area</u>	<u>1980</u>	<u>1985</u>	<u>1990</u>	<u>% Increase 1980-90</u>	<u>85-90</u>
Airport/Meadowview	9,670	10,074	10,304	6.6	2.3
Arden/Arcade	5,062	5,270	5,501	8.7	4.4
Central City	17,975	18,316	18,459	2.7	0.7
East Broadway	16,401	16,837	17,043	3.9	1.2
East Sacramento	15,401	15,476	15,473	0.5	0
Land Park	14,577	14,685	14,851	1.9	1.1
North Natomas	290	301	307	1.9	2.0
North Sacramento	14,532	15,069	16,484	13.4	9.4
Pocket	9,477	12,391	17,612	85.8	42.1
South Natomas	3,851	6,966	12,918	335.4	85.4
South Sacramento	10,817	14,547	18,141	67.7	24.7
Total	118,053	129,932	147,093	24.6	13.2

Source: SACOG Population and Housing Modules, Jan. 1, 1990.

Other community plan areas, such as East Sacramento, were at or near "100% buildout" by 1980, and therefore had little growth potential in the ensuing years. As of 1990, the same growth potential areas exist, with the exception of the Pocket area, which is now at 98% buildout. Once the City lifts the residential building moratorium, North Natomas has the greatest amount of growth potential over the next several years.

Household Size

As the population and household growth rate figures indicate, both the City and County experienced a large decline in household size from 1970 to 1980. The County's average household size fell from 3.08 to 2.58 persons per household, while the City's fell from 2.77 to 2.39 persons per household. Lower birth rates, a trend toward smaller family sizes, increasing divorce rates, and an increasing share of elderly who tend to have smaller households contributed towards this household size decline.

The trend toward rapidly shrinking household size changed in the 1980's, however, with the County's average household remaining steady at 2.58 persons, and the City's average household size actually rising to 2.50 persons per household between 1980 and 1990. This shift is partly due to recession related factors, such as young people living at home longer or moving back in with their parents, and people sharing dwelling units to enable them to afford suitable housing. The trend appears to be continuing: figures from the Department of Finance estimate that the City's household size has increased to 2.55 persons, while the County's has increased to 2.61 persons. Given the economy and Sacramento's rising immigrant population with larger households, this trend of increasing household size is expected to continue over the next several years.

Age/Sex Distribution

According to the 1990 Census, the City of Sacramento's population is comprised of 48% males and 52% females. The median age in 1990 was 31.8 years. 44,619 or 12% of the City's residents are 65 years old or over. This compares to 37,484, or 14%, in 1980. At the same time, the number of children (0-9 years of age) has increased from 36,007 or 13.0% of the population in 1980, to 59,317 or 16.1% as of the 1990 Census. Although the City's population as a whole is aging, it is shifting towards the young, with the relative number of seniors decreasing moderately, and the relative number of young children increasing substantially. Table 3-5 gives population by age interval based on the 1980 and 1990 Census.

Table 3-5: AGE DISTRIBUTION 1980-1990 (EST.)

<u>Age Interval (Years)</u>	<u>1980 Number</u>	<u>% of Total Pop.</u>	<u>1990 Number</u>	<u>% of Total Pop.</u>
0-9	36,007	13.0	59,317	16.06
10-19	41,514	15.1	47,462	12.85
20-29	53,774	19.5	64,895	17.57
30-39	37,078	13.4	67,248	18.21
40-49	25,922	9.4	43,589	11.80
50-59	30,074	10.7	28,346	7.67
60-64	13,888	5.0	13,889	3.76
65 +	37,484	13.6	44,619	12.08

Sources: 1980 Census, 1990 Census.

Race/Ethnicity

According to the 1990 Census, 53.4% of Sacramento's population is white, 14.8% is black and 14.4% is Asian-Pacific Islander. Persons of Spanish origin accounted for 16.2% of the population with 0.9% American Indians and 0.2% persons of other ethnic groups. As presented in Table 3-6, this represents a fairly substantial change in ethnic mix since the 1980 Census, with whites now constituting a lower percentage of the population. Black and Hispanic populations have seen a moderate increase, whereas the Asian population has seen a dramatic increase. The Asian-American population in the City of Sacramento more than doubled in a decade.

The ethnic diversity of the County is similar to that of the City, with whites comprising the majority of the population or 69.3%. People of Spanish origin are the next largest ethnic group at 11.7% of the County population, followed by blacks at 9.0% and Asian-Pacific Islanders at 8.8%. However, the City possessed a larger share than the County of each non-white group, including those of Spanish origin.

Table 3-6: 1980 AND 1990 POPULATION BY RACE & ETHNICITY

<u>Race/Ethnicity</u>	<u>1980 City</u>	<u>% of Total</u>	<u>1990 City</u>	<u>% of Total</u>	<u>County</u>	<u>% of Total</u>
White	171,728	62.3	197,157	53.4	721,932	69.3
Hispanic	39,181	14.2	60,007	16.2	121,544	11.7
Black	36,152	13.1	54,609	14.8	93,970	9.0
Asian-	22,273	8.2	53,185	14.4	92,131	8.8
Pacific Islander						
American Indian	3,322	1.2	3,492	.9	9,854	.9
Other	2,905	1.1	915	.2	1,788	.2
	275,741	100.0	369,365	100.0	1,041,219	100.0

Source: 1980, 1990 Census. The Hispanic category includes all races. The other races and ethnicities do not include Hispanics.

3.2 Income Characteristics

The 1992 Sacramento County median income figure, as determined by the U.S. Department of Housing and Urban Development (HUD), is \$39,700. Median income is adjusted for family size, and the median for a four-member household is considered the area median. The \$39,700 figure represents a 89.5% increase over the 1980 census figure of \$20,949.

The income categories used by HUD, and other housing agencies, are as follows:

- Very Low Income Less than 50% of median
- Low Income 51%-81% of median
- Moderate Income 81%-120% of median
- Above Moderate Income More than 120% of median

In 1980 (according to Census data), 54% of the City's households were in the low and very low income categories. The 1990 Census has not yet rendered comparable data. Therefore, given available data, an estimate has been prepared for purposes of comparison. As will be detailed in an appropriate technical appendix, the main shortcoming of this estimate is that it does not take household size into consideration. 46.0% of the City's households are estimated to be in the low and very low income categories as of the 1990 Census.

In 1989, the Sacramento Area Council of Government (SACOG) Housing Needs Allocation devoted 45.5% of the total allocation to low and very low income household categories. SACOG's projection for 1996, however, devotes 44.1% of the total allocation to low and very low income household categories. That indicates that the percentage of the City's total households which fall in the low and very low income categories has decreased since 1980. It can also be concluded that, although the City's low income population will increase significantly in absolute terms, the low income share of the population is projected to remain fairly stable in the near future.

As mentioned earlier, the median income is adjusted for household size by HUD. These adjusted figures, calculated into income categories, are listed in Table 3-7 and will be used for future calculations.

Table 3-7
SACRAMENTO COUNTY 1992 INCOME (IN DOLLARS) BY HOUSEHOLD SIZE
(NUMBER OF PEOPLE IN HOUSEHOLD) AND INCOME LEVEL

Income Level	1	2	3	4	5	6	7	8
Very low income	13,900	15,900	17,850	19,850	21,450	23,050	24,600	26,200
Lower income	22,250	25,400	28,600	31,750	34,300	36,850	39,400	41,900
Median income	27,800	31,750	35,750	39,700	42,900	46,050	49,250	52,400
Moderate income	33,350	38,100	42,900	47,650	51,450	55,250	59,100	62,900

Source: HUD, California State Department of Housing and Community Development, May, 1992.

3.3 Housing Inventory Characteristics

Housing Inventory

According to the 1990 Census, the City had a total of 153,362 dwelling units. This amounts to a 24% increase over the 1980 Census total of 123,256 units. As of January 1992, this number had further increased to 157,282, according to Department of Finance figures. A breakdown of the type of dwelling units, as of the 1990 Census, shows 98,221 single family units, 50,274 multi-family units, 3,355 mobile homes and 1,512 miscellaneous other units (See Table 3-8).

Table 3-8: HOUSING UNIT TYPE (1985-1992)

Type of Structure	1985		1990		1992	
	Housing Units	% of Total	Housing Units	% of Total	Housing Units	% of Total
Single Family	87,664	64.6	98,221	64.7	101,142	64.3
2 - 4 Units	14,607	10.8	14,623	9.6	14,730	9.4
5 + Units	30,585	22.6	35,651	23.5	38,055	24.2
Mobile Homes	2,653	2.0	3,355	2.2	3,355	2.1
TOTAL	135,509	100.0	151,850	100.0	157,282	100.0

Source: 1990 Census for 1990 numbers, Department of Finance, E-5 Report for 1985 and 1992.

From 1980 to 1990, the City added an average of 2,969 housing units per year. From 1985 to 1991, 3,237 units were added yearly to the total supply. Since January 1986, an average of 134 units per year have been demolished in the City.

The County had 417,574 units according to the 1990 Census (an increase of 30% over 1980) representing an additional 9,559 units per year. 333 units per year have been demolished in the County since 1986.

The State Department of Finance has issued estimates for population and housing through January 1, 1992. These represent 157,282 total housing units, 147,987 of which were occupied. A breakdown of housing types shows 101,142 single family units, 52,785 multi-family units and 3,355 mobile homes. During 1991, the City added approximately 1,780 new dwelling units consisting of 1,260 single family units, 86 duplexes and 434 multi-family units (See Table 3-9). It may be estimated that the City added 3,860 total units since the 1990 Census, an increase of 2.5%. The majority of these new units are single family units (3,005 units, a 3.1% increase since

1990). According to the SACOG housing module, total construction since 1985 has consisted of 56.8% single-family units, and 43.2% multi-family units.

Table 3-9: NEW CONSTRUCTION BY HOUSING TYPE (1985-1990)

YEAR	SINGLE FAMILY	2-4 UNITS	5+ UNITS	MOBILE HOMES	TOTAL
1985	1,364	234	1,990	<-13>	3,575
1986	2,907	132	2,071	<-114>	4,996
1987	2,286	147	1,742	0	4,175
1988	1,268	81	1,017	9	2,375
1989	1,300	59	859	55	2,273
1990	1,745	9	326	0	2,080
1991	1,260	86	434	0	1,780
TOTAL	12,130	748	8,439	<-63>	21,254
Compound Annual % Increase	2.2%	.8%	4.1%	<-.4%>	2.5%

SOURCE: SACOG housing module, 1991-92.

The total vacancy rate for the City in 1990 was estimated, by the Census, to be 5.81%, down from 8.42% in 1980. The Department of Finance estimated that the vacancy rate was 5.91% as of January 1992. A Coldwell Banker study, taken in the third quarter of 1992, fixes the multi-family rental unit vacancy rate at 7.9% for the Sacramento Market Area. The rental vacancy is usually the high component of the vacancy rate with "vacant-for-sale" averaging 1-2%, so the results of these two sources appear to be at least generally consistent. The "vacant-for-sale" rate may be higher than is traditionally estimated, however, because the volume of resale homes on the market has been high over the past two years.

Preciseness is difficult when discussing vacancy rates due to the different methodologies employed and areas covered by the various sources. Data indicates, however, that the rental vacancy rate has increased in the City over the past two years and is currently above the 5% rate which is normally considered "healthy" for a housing market.

Housing Type and Tenure

As of the 1990 Census, 64.0% of existing housing units (98,221) were single family homes, 32.7% (40,729) were multi-family homes and 2% (2,443) were mobile homes. This data indicates that housing type split had remained fairly stable since

1980, at which time the single-family share of existing housing was 65% (80,112), the multi-family share was 33% (or 40,729 units), and mobile homes constituted 2% (or 2,443). The tenure split, as of the 1990 Census, was 51.3% owner-occupied and 48.7% renter-occupied units for the overall population. This compares to a 56.4% owner and 43.6% renter split at the time of the 1980 Census. This trend towards renting and away from ownership was caused largely by a decreasing level of housing "affordability". (This is defined later in this section). This pattern may reverse in the coming years if affordability continues to increase, as it has in the past two years.

As of the 1990 Census, the tenure split varied greatly between ethnic groups. 57.0% of Asian and 54.2% of white households were homeowners, while only 44.2% of Hispanic households and 38.5% of black households were owners.

Age of Housing

The age of housing is an indication of housing stock condition in an area. The latest data available on the age of housing stock is the 1990 Census (see Table 3-10). Even though the growth rate in the City has been high, approximately 58.9% of homes in 1990 were over 20 years old compared to 56% in 1980. The median aged home in 1980 was built in the late 1950s. In 1990, the median aged home was built in the early to mid 1960s. The aging of the City's housing stock increases the importance of housing rehabilitation programs in meeting housing needs.

Table 3-10: AGE OF HOUSING STOCK (1980-1990)

YEARS BUILT	1980		1990	
	NUMBER OF UNITS	% OF TOTAL	NUMBER OF UNITS	% OF TOTAL
1980-1990	-	-	36,398	23.7
1970-1980	28,829	23.4	26,688	17.4
1960-1970	25,240	20.5	23,711	15.5
1950-1960	26,557	21.5	25,734	16.8
1949-BEFORE	42,630	34.6	40,831	26.6

Source: 1980 Census, 1990 Census

3.4 Housing Affordability

Housing Costs

Prices for single family homes in the Sacramento area experienced dramatic increases from 1985 through 1990. This trend was even more pronounced in the 1988-1990

two-year period. From 1985 to 1990, median home prices increased 74% from \$80,250 to \$139,950. From 1988 to 1990, prices soared 45% or \$43,700. In the year 1990 alone, median prices jumped \$26,950 or 24%. (See Table 3-11).

Table 3-11
MEDIAN HOME PRICES IN SACRAMENTO COUNTY - MONTH OF SEPTEMBER

<u>Year</u>	<u>Month</u>	<u>Price (\$)</u>	<u>% Change - Previous Year</u>
1992	September	132,000	{2.73}
1991	September	135,700	{3.0}
1990	September	139,950	23.85
1989	September	113,000	17.4
1988	September	96,250	5.2
1987	September	91,500	7.6
1986	September	85,000	5.9
1985	September	80,250	1.9

Source: Sacramento Association of Realtors

Part of the reason for the marked increase in home prices during the 1988-1991 period was that speculators (or just individuals relocating) from the Bay Area and Los Angeles were utilizing large equity gains from housing inflation in those areas to purchase Sacramento homes at prices higher than local buyers could afford.

The effects of the extended national recession are reflected in the median housing prices for 1991 and 1992. The price fell 3% in 1991 to \$135,700 and an additional 2.73% in 1992 to \$132,000. As with the state economy in general, it is difficult to predict what the future will bring in the local housing market.

Rental Rates

Apartment rental rates moved steadily upward from 1986 to 1991, before decreasing slightly in 1992. The rate of increase, though almost constant, has not been at the same pace or to the extent of sales prices. According to Coldwell Bankers' surveys, the "average" rent for studios and one, two and three bedroom apartments in the Sacramento area increased from \$419/month in 1986 to \$524/month in 1992, amounting to a 25.0% increase. (The 1990 Census indicated that the median rent in the City of Sacramento was \$495/month). Since 1990, the rate peaked at \$533/month in the fourth quarter of 1991. It has slowly decreased to \$524/month in the third quarter of 1992. As with the decrease in average sales prices of homes, this phenomenon may be attributed to the effects of the extended national recession on the local economy. Since 1983, rental prices for comparable units have risen from approximately \$300/month representing a 75% overall increase. (See Table 3-12). As with "for sale" housing, it is difficult to predict what the future will bring in the local

rental market, although the relatively high vacancy rate provides some indication that large increases in rent are not likely in the near future.

Table 3-12
RENTAL RATES BY NUMBER OF BEDROOMS
SACRAMENTO METROPOLITAN AREA 1983, 1987, 1990

<u>Unit Type</u>	<u>1983</u>	<u>1986</u>	<u>1990</u>	<u>1992</u>	<u>% Increase 1983-1992</u>
Studio	\$190-225	335	395	417	119.5
1 Bedroom	225-315	379	442	473	110.2
2 Bedroom	300-360	425	500	530	76.7
3 Bedroom	400 +	539	635	676	69.0
"Average"*	300	419	493	524	74.7

Source: 1983 - Homes Finders Wennevee Enterprises, Inc.; 1986, '90, '92 - Coldwell Banker

- * "Average" rent, for the purpose of this table, refers to the mean of studio, one bedroom, two bedroom/one bath, and three bedroom apartments. This is not a weighted mean.

The apartment vacancy trend from 1987 to 1992 has been somewhat erratic, with notable peaks and valleys. Starting at 5.8% it has gone as high 7.3% before plunging to 5.2%, and then rising again to 7.9% and falling to 6.0%. In the year ending quarter of 1991 it hit a high of 9.5%, and steadily declined to a rate of 7.9% in the third quarter of 1992.

Affordability

Affordable housing is defined, in most cases, as housing which can be obtained for 30% or less of a given household's gross income. While home prices have increased by as much as 64% since 1985 and rents 25% since 1986 (and 75% since 1983), median household income has only increased by approximately 38% since 1985. Overall, these results would indicate a trend toward diminishing housing affordability for ownership opportunities and increasing affordability for rental housing. For ownership, this trend can be displayed quantitatively using a housing affordability index. This is a measurement of the percentage of households which can afford to purchase a median priced home. The Sacramento Area Index (for the first quarter of each year), as provided by the Sacramento Association of Realtors, is shown below.

Housing Affordability Index

<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
50%	48%	52%	53%	45%	32%	34%	42%

As can be seen, whereas half of area households could afford a median priced home in 1985, less than a third could afford that home in 1990. In 1991, affordability improved to the point that 34% could afford the median priced home, and by the first quarter of 1992, the index had improved substantially, to 42%. The most current affordability figures from the second quarter of 1992 show a slight decline in affordability to 41%.

In order to assess the affordability of rents, it is necessary to determine affordable rents for each household size at each income level and compare these affordable rents to the actual average rents for appropriate sized units. Results of this analysis (Table 3-13) indicate that, in general, very low income level households face the bulk of rental affordability problems. As will be discussed later, however, the Sacramento area possesses a large and fast growing segment of very low income residents.

**Table 3-13
SACRAMENTO METROPOLITAN AREA
RENTAL AFFORDABILITY 1992**

<u>Annual Income</u>	<u>Household Size</u>			
	1	2	3	4
Low Income	22,000	25,400	28,600	31,750
Very Low Income	13,900	15,900	17,850	19,850
<u>Affordable Monthly Housing Cost (30% of income \$)</u>				
Low Income	549	635	715	794
Very Low Income	347	398	446	496
<u>Monthly Available for Rent* (\$)</u>				
Low Income	524	603	672	734
Very Low Income	322	366	403	436
<u>Monthly Average Rent** (\$)</u>				
	<u>Studio</u>	<u>1 Bedroom</u>	<u>2 Bedroom</u>	
	410	477	536	661
<u>Monthly Affordability Gap (\$)</u>				
Very Low Income	88	111	133	225
<u>Breakeven Point***</u>				
Income/percent of median				

- * Includes a utility deduction \$25/studio, \$32/1BR, \$43/2BR, \$60/3BR - Source: Keyser Marston Economic Nexus Analysis, April 1990
- ** Rent is from Coldwell Banker 1992 Vacancy Survey, for a unit containing one less bedroom than household size.
- *** Breakeven point indicates the household income necessary to "afford" (30% housing ratio) appropriate sized housing unit. Percent of median refers to the percentage of the median for the given household size that the "Breakeven Income" represents.

Overpayment

Households which pay more than 30% of their gross income for housing are said to be "overpaying" for housing. The 1990 Census provides some insight into characteristics of household income in 1989 by selected monthly owner costs/gross rent as a percentage of household income. The 1990 Census has not yet rendered a breakdown of household income categories in the data on monthly housing costs as a percentage of household income. Therefore, an "overpayment" estimate for lower income households has been prepared, given what data is available. The main shortcoming of this estimate is that it does not take household size into consideration. The results of this "overpayment" estimate, both for owner and renter households, are displayed below.

INCOME CATEGORY	NUMBER OF HOUSEHOLDS PAYING MORE THAN 30% OF THEIR INCOME FOR HOUSING		
	OWNER	RENTER	TOTAL
LOW AND VERY LOW	7,817	30,283	38,100
MODERATE AND ABOVE MODERATE	7,435	3,318	10,753
TOTAL	15,252	33,601	48,853

Source: 1990 Census.

A total of 48,853 households are "overpaying" for housing in the City. This represents 36.1% of the 135,247 city households tallied for this purpose. Of the total households which are overpaying, 78% are lower income. For purposes of this discussion, "lower income" is defined as 80% or less of the Census derived Sacramento County median income, that is, low and very low income households. Approximately 28.1% of the households surveyed are lower income households overpaying for housing.

3.5 Projected Housing Needs

Population Trends

Population is forecasted, by SACOG, to reach 431,076 by 2005. This estimate may be low, since SACOG's estimate of 1990 population, on which the forecast was based, was low. The City of Sacramento is projected to increase its number of households from 144,444 in 1990 to 155,385 in 1996. This amounts to a 7.8% increase. If the persons per household average is assumed to remain the same over this period, at 2.50, and the group quarters population remains constant at approximately 8,000, then the population in 1996 should be roughly 395,000.

New Construction Need

To assist local governments in the Sacramento Metropolitan area in making projections of future housing needs, the Sacramento Area Council of Governments (SACOG) prepares a Regional Housing Needs Allocation Plan. Currently, the Plan covers the period from 1989 to 1996. The purpose of this plan is to examine housing needs across jurisdictions/boundaries, and allocate responsibility for planning to meet these needs. The State requires that the projections take into account the market demand for housing, employment opportunities, availability of suitable sites and public facilities, community patterns, type and tenure of housing need, and farm worker criteria.

As was previously mentioned, the number of households in the City is projected to increase to 155,385 in 1996. This compares to 139,413 in 1989. Taking vacancy levels and anticipated demolitions and conversions into consideration the total Basic Construction Need was determined to be 16,751 dwelling units.

After determining the total Basic Construction Need for a particular jurisdiction, the need is divided into very low, low, moderate and above moderate income categories. The base construction needs for each income group for the 1989-1996 projection period were as follows:

1989-1996 FIVE YEAR NEW CONSTRUCTION NEED

<u>Income Category</u>	<u>Basic Construction Need</u>
Very Low	2,519 units
Low	2,793 units
Moderate	4,098 units
Above Moderate	7,341 units
Total	<hr/> 16,751 units

According to the SACOG Housing Module, there are estimated to be 6,133 more units as of January 1992 than there were at the beginning of 1989. This decreases the total Basic Construction Need to 10,618 units for the remaining period 1992-1996.

Table 3-14
HOUSING NEEDS ALLOCATION
CITY OF SACRAMENTO

Income Category	1989	% of 1989 Total	1996	% of 1996 Total	1989-96 Increase	% of Increase	Basic Construction Need
Very Low	39,690	28.5%	42,092	27.1%	2,402	15.0%	2,519
Low	23,691	17.0%	26,354	17.0%	2,663	16.7%	2,793
Moderate	27,202	19.5%	31,109	20.0%	3,907	24.5%	4,098
Above Moderate	48,830	35.0%	55,830	35.9%	7,000	43.8%	7,341
TOTAL	139,413	100.0%	155,385	100.0%	15,972	100.0%	16,751

Source: SACOG

Loss of Affordability

As of 1990, there were 60,000 Very Low income households in the Sacramento area, competing for 12,000 assisted rental units. Over 18,000 families were actually on the SHRA waiting list for assisted housing. At a time when federal financing for new assisted housing units is being decreased, conservation of affordable housing units is a key component in the provision of housing to all income levels. Conservation refers not only to maintaining units in adequate condition and avoiding demolition, but also to maintaining the affordability of existing units. Affordability is currently jeopardized by potential federal "opt-outs" and by condominium conversions.

Loss of Government Assisted Units

"Opt-Out" is a general term used to describe the termination of federal subsidy contracts and the conversion of these units to market rents. In the 1970s, thousands of HUD insured units were constructed, with loans and rent restrictions written for 40 year periods. As an enticement for development, however, loan agreements allowed owners to prepay their loans after twenty years and thereby remove rent restrictions. By 1995, most of these units will have reached this twenty-year point. Also during the 1970s, many units were built under HUD's Section 8 New Construction Program. Contracts were awarded which provided for an initial five year term, renewable for an additional three terms at the option of the owner. If the owner "opts-out" at the end of a term, rent subsidies are stopped and rents rise to market rate.

By the year 2008, 5,265 units in the City will be subject to termination of subsidy by prepayment, opt-out, or expiration. Of these, 1,952 are elderly units, most of these units (4,385) will be affected by 1994.

Condominium Conversions

Rental units are eligible for conversion to condominiums under current City ordinance, if the area's rental vacancy rate is above 5%. The Condominium Conversion Ordinance was established to insure adequate rental housing opportunities and protect the City's policy of providing a reasonable balance of rental and ownership housing for all economic segments of the population. From 1980 to 1985 more than 600 units were approved for conversion. Condominium conversion since 1985 involved only a few applications. In 1991, the City approved two condominium conversion applications that totaled 122 condominium units.

The City anticipates that the number of conversion applications will increase in the future for several reasons. First, condominiums might be a more affordable avenue to home ownership than traditional single family homes. Condominiums will be one way to capture the emerging market of moderate income households seeking ownership. It is impossible, at this time however, to predict the extent or the precise effect of this phenomenon.

Demolitions

An average of approximately 133 dwelling units per year have been demolished in the City over the past five years. Precise figures are not available, but it can safely be assumed that a substantial number of these units provided low income housing.

The 1988-1991 Housing Assistance Plan counted 1,824 substandard units that were not suitable for rehabilitation. These and possibly more substandard units will be demolished in the future, adding to the housing need.

Since 1961, 3,000 single room occupancy (SRO) units have been demolished or converted to other uses. Five SRO hotels have closed within the last ten years. With only 1,000 residential hotel units remaining, there is a city-wide moratorium on demolition or conversion of residential units. They represent an important component of the housing stock, in that they are the only source of affordable housing for a segment of the population.

3.6 Employment Trends

Sacramento has been one of the nation's fastest growing regions in terms of population, income and jobs. The Sacramento region is expected to continue to outperform the state average in income, employment and population gains, and with

the exception of San Diego, is expected to outpace all other California metropolitan areas.

As reported in the "1991-1992 Sacramento Economic, Employment and Development Analysis" prepared by the City, Sacramento County's employment growth was 4.0% in 1990, but was expected to drop sharply to a 1.69 average during 1991 before rebounding in 1992. Despite this slowdown, Sacramento's growth was expected to remain twice the national pace. As stated in the report, "although state and local government employment dominate the other sectors, cutbacks due to state and local budgets will reduce growth. Construction employment, which over the years helped to lead the Sacramento economy in total job growth, has and is falling off. some forecasts show a decline of ten percent in response to a sharp drop in construction permits in 1990 and those projected through 1991. Although small in size, Sacramento has enjoyed rapid enough expansion in the manufacturing sector over the past five years to place it among the top five Metropolitan Statistical Areas nationwide for growth and has exceeded the national trend of manufacturing's declining share of total employment. High tech manufacturing has seen employment gains of more than 11% per year in the MSA since 1986.

The California Employment Development Department estimated that 33,100 new jobs created in the Sacramento area in 1987 and 1988 were primarily in sectors on the low end of the wage scale. Many were actually minimum wage positions in business services (temporary agencies), food service retail and general merchandise store retail.

Wage and salary employment in Sacramento County as a whole should continue to grow through 1996, the end of the Update's projection period. Trends in the County are assumed to closely correspond to trends in the City. The current recession affected the number of jobs created in the County in 1990. While job growth is expected to pick up as the recession ends, the State's budgetary problems may affect local recovery and have long term economic consequences for the area.

3.7 Overcrowding

An overcrowded household is defined as a household which lives in a dwelling unit with an average of more than 1.0 persons per room, not including bathrooms. As of the 1980 Census, there were 4,571 such households, representing slightly more than 4% of total households. As of the time of the 1990 Census, there were 3,337 owner-occupied households and 8,998 renter households which could be classified as overcrowded. The total of 12,335 overcrowded households represented 8.5% of the City's total households. Overcrowding is caused by two major problems: the unavailability and unaffordability of appropriately sized units, particularly for large families. Since 1980, there have been few three-bedroom or larger rental units constructed, and, as has been discussed, the affordability of purchasing homes has declined remarkably. It can be intuitively concluded, therefore, that the trend would

be toward more overcrowding due to households living in under sized units, or sharing units with previously separate households, in order to meet expenses.

3.8 Housing Rehabilitation

One of the major components of the provision of adequate housing is the rehabilitation of existing units. As the cost of new construction continues to soar and as Sacramento's housing stock continues to age, rehabilitation comes an increasingly important component. In their 1988-1991 Housing Assistance Plan, the Sacramento Housing and Redevelopment Agency (SHRA) inventoried 11,718 substandard units. This represented 8.5% of the city's housing stock. Of these 10,725 were occupied. The SHRA designated 9,894 of these units suitable for rehabilitation. Of these 9,065 were occupied, and 6,239 units were occupied by lower income households. The Agency's three year goal was to assist in the rehabilitation of 1,356 units, through various loan and grant programs. Of the units to be assisted, 670 were owner occupied, and a total of 1,150 were expected to assist lower income households.

3.9 Special Housing Needs

Special Housing need groups are those individuals or households who share a common type of need due to age, disability, income, or other mutual circumstance. The following section attempts to enumerate these special needs groups.

Single Parent Head of Household

The 1990 Census counted 18,217 households headed by a single parent with related children. Of these, 14,880 were headed by a female and 3,337 were headed by a male. Of the female headed households, 6,187 (41.58%) were below the poverty level. The male headed households consisted of 774 (23.19%) which were below the poverty level. These households have special needs for child care and related support services. Single parent households increased area wide from less than 7% to more than 9% of total households from 1970 to 1980, and to more than 12% in 1990.

Single parent households that do exist are having an increasingly difficult time affording housing and child care on a single income.

Large Families

A large family is defined as a household consisting of 5 or more persons. In 1980, there were 10,057 such households. According to the 1990 Census this number has increased by 34.29%, to 15,306 family households. This represents approximately 10.60% of the city's total households. Large families are an interesting "need group" in that do not by definition, possess any special needs. In 1980, 68% of large families were home owners in the city and 73% were owners county-wide. This was

the largest owner percentage of any household size. According to the 1990 Census for the City, these figures changed to 48% home owners and 52% were renters.

Large families that are renters and are low income have a difficult time obtaining adequate housing. A problem for large families is the unavailability of adequate-sized accommodations. Three bedroom apartments or larger are a small percentage of the total rental stock.

Seniors

The 1980 Census counted 37,484 persons aged 65 or over ("seniors") representing 13.6% of the population. This was both an absolute and a relative increase over 1970 when the elderly population was 27,894 (representing 11.0% of the total population). The 1990 Census counted 42,552 persons over age 65, representing 12.1% of the total population. This amounts to a 19.0% absolute increase over 1980, but a 1.5% relative decrease.

The 1988 City/County Housing Task Force report estimated that 21-41% of the 1988 elderly population were "frail". Frail is defined here as needing at least some assistance to maintain an independent lifestyle. This amounts to between 9,369 and 18,294 of the 1990 Census count of seniors. The 1990 Census shows that of households in the city, 29,736 were made up of seniors. Of this number 20,608 owned, and 9,128 rented. The number of seniors below the poverty level was 3,735 representing about 8.8% of the total senior population. Elderly renters face the problem of paying ever increasing rents on fixed incomes. Approximately one-third of elderly households are renters.

Senior households have a fairly high home ownership rate at 69%, the ownership percentage tends to remain fairly constant with age. Among homeowners, even though they may own their homes outright, many may be in a situation characterized as "house rich and cash poor". In other words, a person may have large equity in a home, but still be forced to live on a minimal fixed income. Selling the home may not be an available option, because the price of rent may override the income made available by the home sale.

In addition to financial difficulties, seniors face transportation difficulties, with one-third of persons over 75 unable to use public transit. Compounding this problem, one-third of all seniors live alone and therefore may not have access to any sort of transportation assistance.

The vast majority of the senior population desires to live as independent a lifestyle as possible. Housing and assistance programs for seniors should put priority on independent living, attempting first to maintain these persons in their own homes.

Disabled

Individuals with disabilities have special needs in terms of access to and accessibility within dwelling units. Transit and proximity to needed social or medical services is also a special concern for the disabled.

According to the 1990 Census, 5.9% of civilian non-institutionalized persons 16-64 years of age have a mobility or self care limitation. This amounts to 13,737 persons identified as having a self-care limitation that had lasted for six or more months and "which made it difficult to take care of their own personal needs, such as dressing, bathing or getting around inside the home." (1990 Census Population and Housing, Summary Social, Economic, and Housing Characteristics, U.S. Department of Commerce, pp. B-34).

There were 9,361 persons 65 years and over with some mobility or self care limitation. Given all persons 16 years or older, 23,098 are disabled with a mobility or self care limitation.

It should be noted that there is a higher percentage of the total population with some form of work disability. For purposes of this discussion, staff focussed on those individuals with self care limitations as opposed to work limitations.

Students

Three major colleges are located within the City of Sacramento. They are California State University Sacramento (CSUS), Sacramento City College and Cosumnes River College. The latter two are Junior Colleges. As of 1991, the enrollment at CSUS was currently 26,435 and is expected to increase by one-third, or to approximately 35,000 students by the year 2010. As of 1991, the enrollment at Sacramento City College was approximately 18,000 students and 8,800 students at Cosumnes River. This amounts to a total enrollment of 53,235.

A fourth school, American River College, is also a Junior College and is located within the unincorporated portion of the County. Its enrollment is approximately 25,000 students.

CSUS is the only college in the City with on-campus housing. Its student housing capacity is 1300. There are currently no vacancies in the on-campus housing. Consequently, 95% of students at CSUS and 98% of students city-wide live off campus. Many of these students live with their parents; many others live in rental units throughout the area. There are no plans for new on-campus housing construction in the foreseeable future, although there is still land tentatively designated for housing in the Campus Master Plan.

Sacramento has a large percentage of older, continuing education students, who have already established homes and careers. The median age at CSUS is in the mid-thirties. This factor somewhat decreases the low income housing needs generated by the college, although data as to the magnitude of this factor is not available.

There are many other colleges in Sacramento, including law schools, bible colleges, trade schools and university extensions. Generally speaking, however, these schools have low enrollments and serve the existing population. As such, they do not create a housing need.

Military

Of the three military facilities located within Sacramento County, only the Sacramento U.S. Army Depot is located within the Sacramento City limits. The Depot is slated for closure in the near future. Currently, 3,746 people are employed at the Army Depot. Of these, 3,325 are civilian and 421 are military personnel. Except for the base commander, all Army Depot employees live off base. Roughly half of the employees, at both the Army Depot and McClellan, who were living off base, lived within the City limits. It is reasonable to assume, due to its distance from the City, that the percentage was much lower for Mather, although no data to support this claim was available.

In 1989, McClellan employed 17,417 full time civilians and military personnel. Of these, 15,977 lived off base. In 1980, Mather provided 7,797 jobs, including 5,652 military and 2,145 civilian jobs. There were 2,255 military personnel and all 2,145 civilians living off base, for a total of 4,389. Mather's scheduled closure in 1993 will result in the first major reduction in military employment in the Sacramento area.

Farm Workers

There is no available data which shows the number of farm workers residing in the City of Sacramento. However, according to the EDD, workers are occasionally hired from emergency shelters located within the City where they are picked up in the morning and returned at night.

The County is reported to average 4,000 farm workers per quarter. The majority are seasonal farm workers consisting of permanent area residents seeking part-time employment, students, the unemployed or under-employed workers, or the homeless. According to the CHAS, seasonal farm workers are part of the area's lower income population and therefore presumably included in strategies addressing overall affordable housing needs. Migrant farm workers, on the other hand, are not considered part of the static lower income population. The farm worker population in the County is expected to decline in the future as farm land is developed for urban uses.

Special Housing Needs - Homeless Population

Over the past twenty years, dramatic increases and demographic changes have occurred in the City's homeless population. The primarily single adult men who comprised the homeless population in the past are now joined by women and children. Today's homeless include families with children, employable individuals who are unemployed, the mentally ill, the elderly, the disabled, and substance abusers. As Sacramento's homeless become more heterogeneous, their needs become more complex and the City's responsibility to address these growing needs becomes critical.

In 1984, the City Council and the Sacramento County Board of Supervisors delegated the SHRA with the responsibility of development, implementation, coordination and administration of housing and support services for the homeless in the City and the unincorporated portions of the County. In response to this mandate, the Agency created the Homeless Program which provides a continuum of housing programs and services to assist homeless individuals and families. As the number of homeless people seeking assistance has grown, the Agency has expanded its Homeless Program from a one-person office with a \$250,000 budget in 1984 to a staff of seven with a \$4.3 million budget in 1990.

Sacramento Housing and Redevelopment Agency staff recently compiled a statistical report to support the proposal to acquire Southern Pacific Railroad property for the development of a multi-service campus for the homeless. (This project is described in the policies and programs section of the element). The report showed that homelessness in Sacramento is a growing and pervasive crisis that cuts across gender, age, and racial and ethnic lines.

The following assistance was provided to the community's homeless population during 1991 by the non-profit service providers that contract with the Agency:

- 169,586 bed nights of shelter to 6,561 separate men, women and children
- emergency winter shelter to 3,253 men, women and children
- transitional housing to 481 individuals
- permanent housing opportunities for 201 persons
- 481,374 meals

Besides this assistance, the Employment Services Program assisted 1,443 residents of emergency shelters and transitional housing programs with permanent and

temporary employment. Having tracked the number of individuals turned away from existing shelter services due to lack of space, the Agency estimates that only one of every three individuals who requested help could be assisted.

The Agency estimates that on any given night approximately 3,000 men, women and children are homeless in Sacramento. Families with children comprise 25 to 30 percent of the total homeless population while single persons comprise 70 to 75 percent. Men form 80 to 90 percent of all homeless single persons. The following table (Table 3-15) illustrates the breakdown between single persons and families with children.

Table 3-15: SACRAMENTO'S HOMELESS POPULATION

HOMELESS PERSONS		NUMBER	PERCENTAGE
Single Persons	Males	1,800	60%
	Females	450	15%
Families with Children		750	25%
Total		3,000	100%

Source: SHRA

According to the Agency, the average age of single men using Sacramento's homeless shelters has decreased from 46 to 33 years old over the past five years. The average age of women accessing the shelters is 36 years.

Additionally, thirty-five percent of Sacramento's homeless men are veterans representing all recent wars since the Korean War; the majority are Vietnam veterans. Approximately three percent of the total homeless population is comprised of seniors, 62 years and older. The Agency reports that approximately one-third of the homeless population has a diagnosed mental illness and appear to be unreachable through the community mental health services. Furthermore, homeless women appear to have a higher incidence of mental health issues than homeless men.

A total of 47 percent of shelter residents served in 1991 were white (European-American), 42 percent African American, 10 percent Latino, one percent Asian-Pacific Islander, and .1 percent American Indian. In comparison with the 1990 Census count of 14.8 percent African Americans among the total population, African Americans, primarily young males, are significantly over-represented in Sacramento's homeless population.

Substance abuse continues to be a contributing factor to homelessness. Through a standardized test conducted on 449 shelter residents, 89 percent of Sacramento's homeless population was diagnosed as suffering from some form of substance abuse. Without intervention, substance abuse continues to be a contributing factor to homelessness. Together, they often lead to more chronic problems for the individual and families.

Sacramento's emergency shelters, outlined in Table 3-16, serve the homeless from the City and unincorporated portions of the County. Most of the emergency shelters are located within the city limits. 556 shelter beds are available to individuals and families during the warm weather months. An additional 450 shelter beds are available during the winter overflow period, from November to March. Approximately 1,006 beds are available to homeless individuals and families during winter. The Agency reports that shelter facilities are constantly at 100% occupancy throughout the year. Shelter providers report that they are serving a rapidly growing number of homeless individuals and families seeking assistance. In addition to emergency shelters, the City provides hotel/motel vouchers and transitional housing programs to the homeless. These housing shelter alternatives assist those attempting to make the transition from homelessness to permanent housing. Transitional and permanent housing programs for the homeless are shown in Tables 3-17 and 3-18.

Table 3-16
EMERGENCY SHELTER FACILITIES AND BEDS FOR THE HOMELESS

Single Person Shelters	Number of Beds
The Salvation Army Men's Lodge	80
The Salvation Army Men's Annex	60
The Salvation Army Women's Annex	20
The Salvation Army Aid-In-Kind Program	52
Volunteers of America Aid-In-Kind Program	62
South Area Emergency Housing Center - Women's Shelter	24
Union Gospel Mission	<u>62</u>
Subtotal	360
Family Shelters	Number of Beds
South Area Emergency Housing Center - Family Shelter	55
Women Escaping a Violent Environment (WEAVE)	24
St. John's Shelter for Women and Children	<u>40</u>
Subtotal	119
Shelters for Those under the Influence of Alcohol	Number of Beds
Volunteers of America Public Inebriate Drop-In Center	60
Shelter for the Mentally Ill	Number of Beds
Transitional Living & Community Support for Mentally Ill Men & Women	17
TOTAL EMERGENCY SHELTER BEDS	556
Winter Overflow Shelters (November to March)	Number of Beds
Salvation Army Cal Expo Winter Program	330
Volunteers of America Winter Drop-In Center	<u>120</u>
TOTAL WINTER OVERFLOW BEDS	450
GRAND TOTAL SHELTER BEDS	1,006

Source: "Comprehensive Housing Affordability Strategy", SHRA.

Table 3-17
TRANSITIONAL & PERMANENT HOUSING OPPORTUNITIES FOR THE HOMELESS

Transitional Housing Programs	Number of Spaces
■ Transitional Housing Program for families with children	32
■ Shared Housing & Resources Empowerment (SHARE) Program for single men & women	50
■ Independent Living Readiness Pilot Program ("Readiness") for single men	58
■ Resources for Independent Living, Inc. Transitional Living Center for the severely physically disabled	6
■ Transitional Living and Community Support Program for the mentally ill	<u>45</u>
TOTAL TRANSITIONAL HOUSING SPACES	191

Source: "Comprehensive Housing Affordability Strategy", SHRA.

Table 3-18
PERMANENT HOUSING OPPORTUNITIES TARGETED TO THE VERY LOW INCOME AND/OR FORMERLY HOMELESS INDIVIDUALS AND FAMILIES

Program	Number of Spaces
■ HUD Family Unification Demonstration Program Section 8 Certificates/Vouchers	40
■ Agency Homeless Allocation Section 8 Certificate/Vouchers	100
■ Section 8 Moderate Rehabilitation Project (Midtown Manor)	20
■ Ridgeway SRO Hotel	85
■ Sequoia SRO Hotel	88
■ Public housing spaces reserved for the homeless	<u>70</u>
TOTAL PERMANENT HOUSING OPPORTUNITIES	403

Source: SHRA.

HE-3//NEEDS

4. RESIDENTIAL LAND INVENTORY

This section presents the results of the 1991 inventory of vacant land suitable for residential development in the city, its potential holding capacity based on Community Plan and General Plan land use designations and potential constraints affecting residential buildout. This Section also includes an analysis of the potential housing supply resulting from proposed land use studies and annexation proposals.

4.1 Citywide Inventory of Vacant Residential Land

The inventory identified 7,799 gross acres (or 6,230 net acres) of vacant residential land citywide with an estimated holding capacity of 57,758 potential housing units. Map 4-1 on the following page shows vacant residential land identified in the inventory. It shows significant vacant parcels in the urban fringe areas (Airport Meadowview, North Natomas, South Natomas and South Sacramento) but does not identify small, isolated infill lots in the more developed communities.

Table 4-1 shows the total citywide housing potential of undeveloped land currently designated for residential use, prior to assessment of possible constraints. Those sites could accommodate 32,828 single family units and 24,930 multi-family units. Mobile homes and mobile home parks are included in the single family count.

This estimate is based on buildout at the minimum density permitted under current Community Plan land use designations and does not reflect maximum development capacity. Because recent development in Sacramento has occurred at minimum permitted densities or lower redesignated densities, it is assumed that this trend will continue and that housing will be constructed at the lower end of the density range. Inclusion of residential infill capacity would increase the total acreage of vacant land citywide. Although several Community Plan areas include unincorporated land within their boundaries, the inventory only identified vacant residential land within the City limits.

4.2 Relationship to Potential Constraints and Public Facilities

The sites identified for residential development in the City were analyzed to determine their relationship to public facilities and services and to existing or potential physical constraints to the land.

MAP 4-1 VACANT RESIDENTIAL LAND



Table 4-1
CITYWIDE RESIDENTIAL HOLDING CAPACITY POTENTIAL OF VACANT LAND

COMMUNITY PLAN AREAS*	VACANT GROSS ACRES	VACANT NET ACRES	PERCENTAGE OF AREA BUILT OUT ²	POTENTIAL DWELLING UNITS		
				Single Family	Multi- Family	TOTAL
Airport Meadowview	1,093 ¹	824 ¹	67%	3,827 ¹	1,297 ¹	5,124 ¹
Arden-Arcade	NA	NA	97%	228 ²	(43) ²	185 ²
Central City	22 ³	21 ³	97%	135 ²	440 ²	575 ²
East Broadway	NA	NA	94%	874 ²	227 ²	1,101 ²
East Sacramento	NA	NA	98%	532 ²	(289) ²	243 ²
Land Park	NA	NA	98%	310 ²	15 ²	325 ²
North Natomas	3,247 ¹	2,692 ¹	1%	14,861 ¹	16,379 ¹	31,240 ¹
North Sacramento	1,526 ¹	1,191 ¹	48%	5,092 ¹	2,134 ¹	7,226 ¹
Pocket	282 ¹	216 ¹	89%	945 ¹	738 ¹	1,681 ¹
South Natomas	618 ¹	496 ¹	75%	2,181 ¹	899 ¹	3,080 ¹
South Sacramento	1,011 ¹	790 ¹	65%	3,843 ¹	3,135 ¹	6,978 ¹
Citywide Total	7,799	6,230	69%	32,828	24,930	57,758

Sources:

- (1) City Vacant Residential Land Use Inventory, City Planning Division Staff, 1991.
- (2) Population and Housing Data By Community Plan Area, March 1991.
- (3) Sacramento Central City Housing Strategy Study, December 1990, and Vacant Residential Land Use Inventory, 1991.
- (4) Net/gross acre assumptions for vacant lands (residential), Sacramento General Plan Update, 1988.

Note: * Data for all community plan areas include City areas only.

As market conditions improve, the City could expect to see construction occur at higher densities. An additional 17,996 housing units could be built citywide if development occurred at maximum capacity.

The land inventory concentrates on areas either with a large supply of undeveloped land or experiencing rapid growth. Those areas are located primarily along Sacramento's southern and northern City limits. The inventory does not identify additional infill housing potential for other areas of the City, such as East Broadway, whose remaining vacant residential land is comprised of small infill parcels.

NA: Data not available.

Noise Constraints

The three major noise sources in the City of Sacramento, as outlined in the Health and Safety Element of the General Plan, are major freeways, railroads and various regional airports. Approximately 6,089 potential housing units were found to be impacted by those transportation-related noise sources or moderately-constrained given possible mitigation. Noise-producing sources do not preclude development since, in certain cases, potential noise problems can be mitigated to acceptable levels through site planning and construction modifications. Certain marginal costs might be incurred through the use of better construction techniques and materials capable of reducing or eliminating overall noise. These costs might therefore preclude residential development in noise-constrained areas.

Flood Constraints

The City has imposed a flood policy requirement on new residential development in areas where adequate flood protection is unavailable (North Natomas and South Natomas). Construction can occur if construction is appropriately elevated in order to avoid potential floods or if the applicant obtains a variance from the City of Sacramento. The former is extremely expensive and the City has not granted the latter due to the potential threat to human life. This burden has, in effect, constrained all residential development in the Natomas area.

The City is undertaking comprehensive flood control improvements that include short term levee stabilization improvements and long term flood protection involving raising and improving levees and potential construction of upstream detention/storage. This construction obstacle affects 34,320 potential housing units in North Natomas and South Natomas. (Refer to Table 4-2). While other sites in the city lie within the 100-year floodplain, this policy does not apply to development provided there are mitigation measures to eliminate or reduce the risk of flooding. As shown in Table 4-2, another 2,498 potential units are constrained by potential flood hazards.

Table 4-2
CONSTRAINED AND UNCONSTRAINED POTENTIAL HOUSING UNITS

Potential Environmental Constraint	Single Family Units	Multi-Family Units	Total Units
Unconstrained	11,416	5,755	17,171
Noise-Constrained *	4,169	1,893	6,089
Flood-Constrained *	18,738	18,080	36,818

Source: Department of Planning & Development.

* Some units are constrained by both noise and potential flooding.

Public Facilities and Services

In order to adequately serve the remaining residential holding capacity, the City needs to encourage private developers to upgrade existing water facilities or extend the nearest transmission or distribution systems. Extension of existing water systems is currently underway in certain areas of the City. Once the City has removed the building moratorium in Natomas, and commencement of the second phase of the North Natomas Water Transmission Main and improvements within the Natomas West Assessment District are underway, the new and improved facilities will be able to accommodate future housing needs.

The City Flood Control and Sewer Division plans to prepare a facilities master plan to define and assess critical sewer and drainage system areas throughout Sacramento. The plan will also prioritize critical areas based on urgency and cost effectiveness of required facilities and, in addition, will establish a 10 - 20 year long term rehabilitative program for existing storm drainage and sewer facilities. Private development in areas where storm drains or sewers do not exist would require the developer to extend needed facilities at his or her own expense.

4.3 Zoning Relationship to Sites

Table 4-3 shows the dwelling unit potential according to land use for those communities with the majority of vacant residential land in the city. The table indicates the midrange housing potential for vacant residential land according to the designated community plan land uses and shows the relationship with General Plan land use designations and consistent zoning categories as identified in the 1988 General Plan update.

All development projects in the City of Sacramento are subject to zoning regulations in the City Zoning Ordinance and are required to be consistent with the goals and policies of the General Plan and the applicable community plans. Approximately 6,208 vacant net acres are estimated to have a potential holding capacity of 55,329 dwelling units. The count includes unconstructed units within subdivisions which have received prior approval from the City Council.

Mobile Homes/Mobile Home Parks

In keeping with State law, the Zoning Ordinance permits mobile homes on permanent foundations in the same residential zones as single family dwellings provided development standards are followed. Those same development standards apply to single family dwellings. Mobile homes are also permitted in certain nonresidential areas with special permit approval.

Sacramento allows mobile home parks in most residential and nonresidential zoning

districts subject to the granting of a special permit by the Planning Commission. In addition, the Zoning Ordinance currently regulates the development and maintenance of mobile home parks. The regulations restrict mobile home parks to a minimum five-acre site and a maximum density of ten mobile home spaces per acre. The only zone in which mobile home parks development cannot occur is the R-1B zone, a Central City zone for single or two-family units. As part of the future update of the Zoning Ordinance, the City will update the provisions regarding mobile homes and mobile home parks.

Table 4-3
Inventory of Residential Land Available in Growing Communities

Community Plan Land Use Designation	Vacant Net Acres	Minimum Housing Potential	Consistent General Plan Designations*	Consistent Zoning Districts*
Very Low Density (Rural Estates) 1-4 du/na	331	333	Very Low	R-E
Low Density 3-6 du/na	138	694	Low	R-1, R-2, R-1A, R-1B
Low Density 4-8 du/na	2,879	18,202	Low	R-1, R-2, R-1A, R-1B
Low Density 7-15 du/na	1,251	9,083	Low	R-1, R-2, R-1A, R-1B
Medium Density 7-21 du/na	638	8,207	Medium	R-2A, R-2B, R-3
Medium Density 11-21 du/na	328	3,743	Medium	R-2A, R-2B, R-3
Medium Density 11-29 du/na	611	14,418	Medium	R-2A, R-2B, R-3
High Density 16-29 du/na	25	410	Medium	R-2A, R-2B, R-3
High Density 30+ du/na	8	239	High	R-3A, R-4, R-4A, R-5, R-O**
Total	6,209	55,329		

Source: Vacant Land Inventory Update, 1991.

* Based on 1988 General Plan Update.

** Office and limited neighborhood commercial uses are permitted in some high density zoning categories subject to restrictions.

Growing communities: Airport Meadowview, North Natomas, North Sacramento, Pocket, South Natomas and South Sacramento.

Emergency Shelter and Transitional Housing for the Homeless

In Sacramento, emergency shelters for the homeless are permitted in all zones with special permit approval. Several residents and organizations criticized the City for overconcentrating shelters and supporting services for the homeless in their inner-city neighborhoods, and requested review of the land use regulation. In response to these

concerns, the City Council appointed a task force to investigate distribution of care facilities. Part of that effort included completion of an inventory of the emergency shelters and supporting social services. As follow-up, staff is categorizing the various types of care facilities, analyzing their distribution, and developing locational criteria for shelters and services. Implementation of siting criteria might allow the City to permit homeless shelters and other care facilities in certain zoning districts without a special permit while minimizing any negative impacts on existing neighborhoods. The objective of this effort is to facilitate the development of emergency shelters, support services to assist the homeless, and other major care facilities.

4.3 Possible Actions to Increase Housing Supply and Diversity

There are various actions which the City could undertake to increase its housing supply and encourage development of diverse housing types throughout Sacramento. Those actions could include implementation of existing policy and recommended policies discussed later in this Update. Housing supply and diversity could also be achieved by completing ongoing reuse/redevelopment and annexation studies and identification of potential housing opportunities adjacent to the light rail corridor.

Sites for a variety of housing types: Large parcels of vacant residential land

A variety of housing contributes towards neighborhood stability by offering move-up homes and accommodating a diverse income mix. The City could promote affordable housing opportunities for all households by requiring a mixture of housing types and styles throughout the City on large contiguous parcels of land. As shown in Table 4-4, there are 165 parcels within the City comprising ten or more acres in the outlying community plan areas of Airport Meadowview, North Sacramento, South Natomas and South Sacramento. Although not shown in Table 4-4, the City might also have contiguous smaller parcels of vacant land comprising a minimum of ten acres that would be appropriate for the multiple housing type policy. Circumstances might exist, however, such as multiple owners, that would interfere with application of this policy to smaller abutting parcels.

In addition to the four communities mentioned above, the Pocket and North Natomas have parcels of undeveloped land of ten acres or more that could accommodate multiple housing types. With the inclusion of these communities, the number of vacant residential parcels in Sacramento over ten acres in size totals 165. The majority of those parcels are located in North Natomas which is primarily undeveloped.

Table 4-4
LARGE VACANT RESIDENTIAL PARCELS OF LAND IN GROWING COMMUNITIES

NUMBER OF LARGE PARCELS BY COMMUNITY AND ACREAGE				
COMMUNITY PLAN AREAS	10-19 ACRES	20-29 ACRES	30 ACRES OR MORE	SUBTOTAL BY DENSITIES
Airport Meadowview	11	5	7	23
North Natomas	29	28	37	94
North Sacramento	4	4	2	10
Pocket	3	0	0	3
South Natomas	22	2	2	26
South Sacramento	7	1	1	9
TOTAL	76	40	49	165

Source: City Vacant Land Use Inventory, City Planning Division Staff, 1991.

Various adopted community plans contain policy recommendations to provide a mixture of housing types in large residential subdivisions. Each community plan, however, addresses circumstances unique to its area which might affect implementation of the housing type requirement.

The 1986 South Sacramento Community Plan proposes diversification of housing types with the intention of addressing unmet housing needs of households at both ends of the income spectrum. The Plan assumes that more variation in housing type would offer diversity in housing price, style and size, thereby diversifying the existing landscape of predominantly entry-level homes in South Sacramento. Plan policy requires developers to provide two or more housing types for projects of 20 or more acres, and three or more housing types for projects comprised of parcels 30 or more acres.

The 1988 South Natomas Community Plan contains similar requirements for development of multiple housing types in residential subdivisions of 20 acres or more. However, a multiple housing type requirement might be considered contradictory to other objectives in the Community Plan such as establishment of upscale housing component in the area. This policy might override the multiple housing type policy for South Natomas because a large percentage of rental and multi-family housing has actually occurred. In order to ensure neighborhood stability, the City should promote development of upscale larger homes.

The North Natomas Community Plan, adopted in 1986, contains policy promoting a minimum number of housing types for larger projects. It requires a minimum number

of housing types for residential projects of 20 acres or more and in accordance to density classification (low, medium or high). The City has recently formulated a task force that is reevaluating the Community Plan through creation of planning principles and a composite map.

Although certain communities might have circumstances outweighing the need to provide housing type diversity, the City should strengthen existing requirements and adopt additional policy to ensure maximization of a multiple housing type strategy on large parcels. The City should consider updating its community plans to include multiple housing type requirements for projects comprising 20 acres minimum. Furthermore, as available land in Sacramento becomes scarcer, the City should consider adopting policy requiring housing type diversity for projects comprising a minimum of ten acres. The recently completed residential land inventory showed few undeveloped parcels over 40 acres remaining in Sacramento. Restricting this policy to parcels of 40 acres or more would result in its limited application and therefore fewer residential subdivisions with a mix of housing choices.

Potential Supply From Redevelopment Land Use Studies and Annexation Proposals

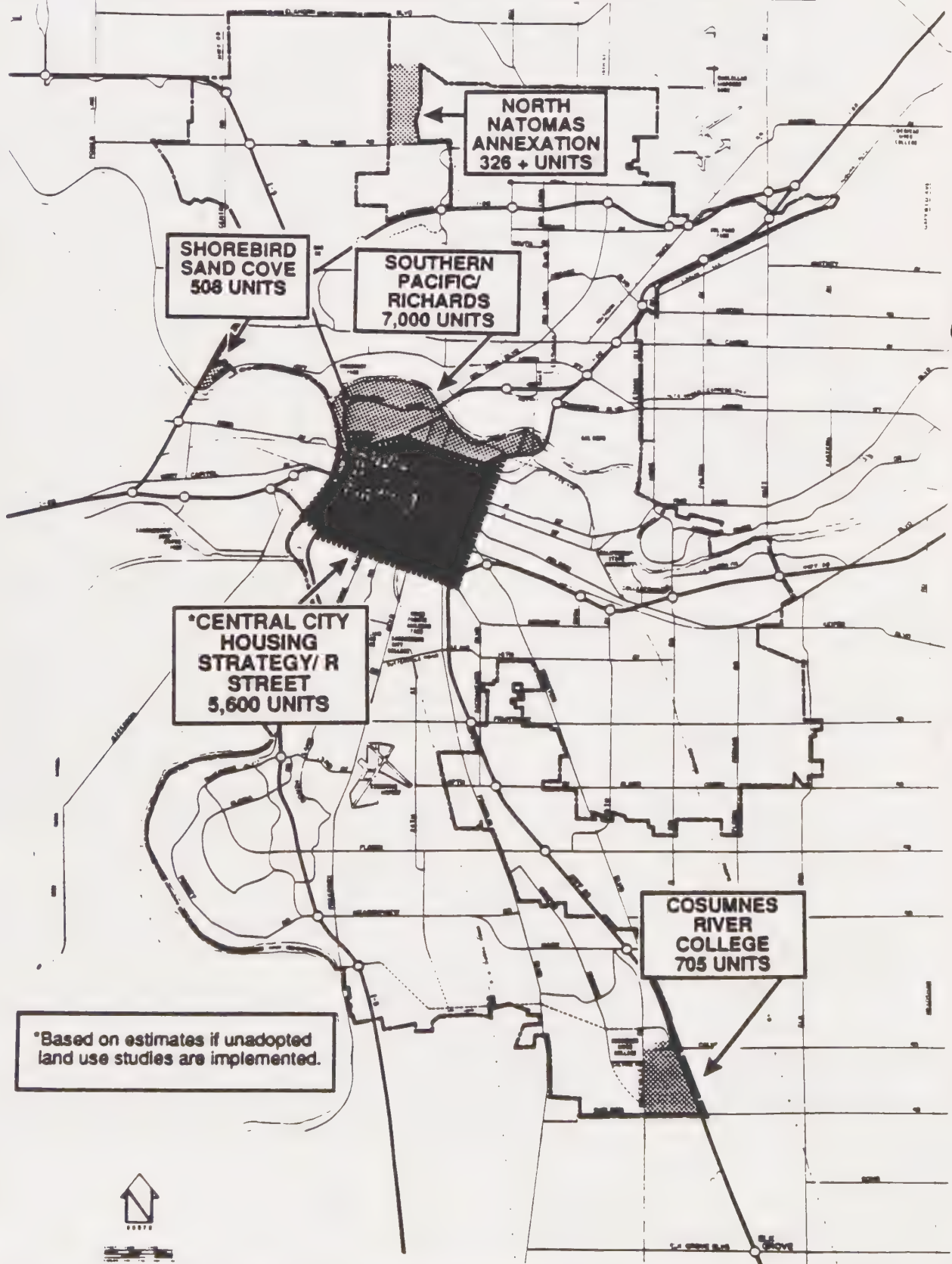
There is a potential for more than 13,000 additional housing units to be developed over the next 35 years based on several proposed studies currently under consideration. (Map 4-2). These estimates of potential housing supply are based on preliminary estimates of housing potential and land use studies staff has been directed to further evaluate. However, all these areas will require further policy consideration and appropriate environmental reviews by the Council before any final action.

The majority of the key redevelopment sites are in the Central City, and are the subject of four separate planning studies focussing on redevelopment: Southern Pacific Railyards Master Plan, Richards Boulevard Area Plan, R Street Corridor Study, and Central City Housing Strategy Study. The first two studies involve the redevelopment of industrial land to mixed uses. The R Street Study and Housing Strategy has identified several actions the City and the Sacramento Housing and Redevelopment Agency could undertake to preserve existing housing and increase the area's housing capacity.

Table 4-5 shows the maximum potential supply of housing units that could be available in Sacramento over the next 35 years through adoption of land use studies, redevelopment or annexation.

The City is planning the development of the Southern Pacific Railyards and Richards Boulevard Redevelopment Area. This development is a long term objective that goes beyond the five-year scope of this Element. The eventual redevelopment of these industrial areas, however, offers a singular opportunity to significantly increase housing in the Central City, and thereby strengthen downtown Sacramento's role as

MAP 4-2 LONG RANGE HOUSING OPPORTUNITY POTENTIAL HOUSING UNITS



a place to live and work. The Southern Pacific Railyards Master Plan devotes approximately 32 acres of land to residential use for a potential of 2,800 housing units while the adjacent Richards Boulevard area has a potential maximum capacity of 3,900 new housing units. These housing projections are subject to revision during the review and hearing process.

Table 4-5
LONG RANGE MAXIMUM POTENTIAL HOUSING CAPACITY
OF MIXED USE, REDEVELOPMENT AND ANNEXATION SITES

Proposed or Ongoing Studies/Actions		Number of Potential Units
Central City Studies	Southern Pacific Railyards*	2,800
	Richards Boulevard Area*	3,900
	Central City Housing Strategy/R Street*	5,600
Annexations	Cosumnes River College	705
	North Natomas Sphere Portion*	326
	Shorebird/Sand Cove (South Natomas portion)	508
Total		13,839

Source: Department of Planning and Development reports and studies.

* Studies pending further consideration by Council.

The balance of the Central City could accommodate an estimated 5,600 maximum additional units through the Central City Housing Strategy Study and its Implementation Plan. Potential housing units could also result from redevelopment of the R Street Corridor, increasing existing densities of specific sites, rezoning other sites to residential, and modifying the Zoning Ordinance to accommodate mixed use in designated parts of the downtown urban area.

In addition to redevelopment sites within the Central City, there are potential sites for residential reuse in other areas of the City, such as redevelopment of underutilized nonresidential land located throughout Sacramento. Maximization of the development potential of those sites could occur within a five-year time frame. Pending and anticipated annexation proposals, such as the 398-acre Cosumnes River College area, could also result in additional residential land for the City within the next five years.

The City is encouraging the development of mixed use projects, particularly in close proximity to public transit facilities, which offer the possibility of additional housing units. In addition to new construction of mixed use projects, conversion of single use projects to commercial and residential uses could achieve the City's overall housing, employment, and air quality goals. The City has recently rezoned sites within the Central City and the Alhambra Corridor to encourage development of housing in conjunction with commercial uses.

Potential Residential Opportunities Within Light Rail Corridors

The City is considering ways to satisfy market demand for lower density single family subdivisions while preserving sites for medium and higher density housing. One solution would be to maximize residential housing density on sites within 1/4 to 1/2 mile proximity of existing and future public transit stations. Higher density housing and mixed use projects may be appropriate for sites within walking distance of transit centers because they could provide a more efficient use of land uses that complement public transportation.

Table 4-6 on the following page shows additional housing units that could be built if the City required development of vacant residential parcels within a 1/2 mile radius of light rail stations (both existing and proposed) to occur at the density midrange of the current land use designation. The remainder of vacant residential land in the community plan area is assumed to be developed at the minimum density of the existing land use designations. The table shows the increased density potential along light rail extensions for the growing communities in the vacant land inventory update. However, the City could apply this policy to other communities which have existing or future light rail stations. North Sacramento neighborhoods with existing light rail stations are currently the focus of an intensive planning process to promote revitalization of the area and transit use. A similar process should occur for those sites located near future light rail transit stations.

The projected holding capacity for vacant residential land in Airport Meadowview, North Sacramento, Pocket, South Natomas and South Sacramento is 24,089 housing units. By developing at mid-range densities within a half-mile radius of light rail stations, there is a potential yield of 3,922 additional housing units and a better opportunity for the City to accommodate its housing needs and achieve its air quality and transportation objectives. An eighth or quarter-mile radius for more intense development might be more feasible than a half-mile radius. Regional Transit's Master Plan sets preferred standards for compatible land uses around light rail stations. However, unique circumstances surrounding each station might warrant separate plans for the light rail transit areas.

Other Potential Sites

Older industrial areas and future office/commercial sites in Sacramento have housing potential which should be explored. The Union Pacific Railyard, a former industrial area adjacent to an existing residential neighborhood, is an ideal housing and mixed use site. There are other sites throughout the City, especially in older neighborhoods, that have outmoded uses with residential potential. In addition, nonresidential sites, such as Delta Shores, could be explored for potential mixed residential/nonresidential use.

TABLE 4-6

**REGIONAL TRANSIT INCREASED DENSITY RESIDENTIAL HOLDING CAPACITY POTENTIAL
OF VACANT LAND IN GROWING COMMUNITIES**

COMMUNITY PLAN AREA	VACANT GROSS ACRES	VACANT NET ACRES	Potential Dwelling Units								
			Minimum Potential			Additional Units at LRT			Total Units		
			SF	MF	Total	SF	MF	Total	SF	MF	Total
Airport Meadowview	1,093	824	3,827	1,297	5,124	1,686	663	2,349	5,513	1,960	7,473
North Sacramento	1,526	1,191	5,092	2,134	7,226	219	109	328	5,311	2,243	7,554
Pocket	282	216	945	736	1,681	67	7	74	1,012	743	1,755
South Natomas	618	496	2,181	899	3,080	119	69	188	2,300	968	3,268
South Sacramento	1,011	790	3,843	3,135	6,978	699	284	983	4,542	3,419	7,961
TOTAL	4,530	3,517	15,888	8,201	24,089	2,790	1,132	3,922	18,678	9,333	28,011

Source: City Vacant Land Use Inventory, City Planning Division Staff, 1991.

5. GOVERNMENTAL AND NONGOVERNMENTAL CONSTRAINTS

GOVERNMENTAL CONSTRAINTS

Analysis of potential and actual governmental constraints should identify barriers to the maintenance, improvement and development of housing for all income levels. Those constraints include land use policies and controls, site improvement requirements, building codes and their enforcement, city processing and permit procedures, fees and exactions. The following analysis indicates that the entitlement processing and permit procedures provide some governmental constraints to the provision of adequate housing opportunities that can be mitigated.

5.1 Land Use Controls

The City of Sacramento exercises discretionary authority over the residential land use entitlement process. This is accomplished through implementation of the General Plan, Community Plans and the Zoning and Subdivision Ordinances.

The General Plan establishes the framework for residential development in the City through policies of the Residential Land Use Element, Circulation Element, Conservation and Open Space Element, Public Facilities and Services Element, Health and Safety Element, and the Land Use Map. During the project approval process, the various elements of the General Plan are designed to work in concert with each other. The General Plan facilitates the adequate provision of housing. Some policies within the various Plan elements may not be effective in promoting the development and preservation of affordable housing.

A potential constraint to the availability of residential land exists in the policies and standards of the "Noise" section of the Health and Safety Element. Because there are several major noise sources that impact the City, including five freeways, two major railroads, and four commercial and military airports, residential development must frequently mitigate noise impact, to some extent, to conform to the General Plan standards. This may be accomplished through the completion of acoustical studies, construction of sound barriers, and the implementation of various soundproofing construction techniques. The costs associated with these noise mitigation requirements, particularly with infill development, have an impact on housing feasibility and affordability. Although certain areas have been exempted from General Plan Noise Element standards, the majority of potential residential development sites must conform. In the interest of public health, safety and welfare, it is not deemed appropriate to modify or eliminate these standards. However, the City could standardize noise mitigation measures to assist applicants to comply with the environmental review process.

The City's Zoning Ordinance provides for fourteen residential zones which permit a variety of densities and housing types, plus an agricultural zone capable of being reclassified to higher density residential uses when proposed urban development is consistent with the Residential Land Use Element and any applicable Community Plan. Potential constraints associated with the administration of the Zoning Ordinance include the need for duplicative planning entitlements which might also require several hearings. Additionally, setback and parking requirements could negatively affect the feasibility of housing, especially in the Central City and other older neighborhoods with smaller lots. This negative effect can take the form of a financial burden caused by the cost of entitlements. Residential development requirements could also result in a decrease in the development potential of a parcel or parcels, thereby indirectly affecting the economic feasibility of a project. In extreme cases, zoning regulations can completely restrict feasible development of a parcel, and require acquisition of adjoining parcels to facilitate development, thereby substantially increasing costs. Finally, the need for entitlements often subjects small projects to the public hearing process, which can result in increased costs and potential denial on the basis of neighborhood opposition.

A potential constraint to the development of manufactured/mobile home parks are standards requiring a net density of ten dwelling units and a minimum site requirement of five acres. Given the limited size and supply of available land in Sacramento, smaller sites may be more appropriate for mobile home parks. The forthcoming update of the City's Zoning Ordinance will include study and consideration to amending the mobile home park regulations.

In an attempt to overcome constraints inherent to conventional development standards, the City is currently implementing the following regulations or taking the following actions:

- Provision of alternative and flexible development standards within the R1-A (Single-Family Alternative) Zone. This promotes higher density and more innovative single family projects.
- Duplex development on corner lots to promote rental housing opportunities.
- Implementation of the Zoning Administrator process to streamline the project review process by eliminating duplicative public hearings.
- Streamlining the map process through amendment of the Subdivision Ordinance.
- Fee reductions for minor permits are currently being studied by a committee and will be proposed in the near future.

- The City will update its Zoning Ordinance to reflect current development standards, streamline permit processing as necessary and clarify the planning process and zoning requirements.

5.2 Infrastructure Standards

The Department of Public Works implements on- and off-site improvement requirements, including standards for street construction, sidewalk, curb, gutter and, in some instances, parking and/or bicycle lanes. Residential development may also necessitate the construction of water, sewer and drainage improvements. All improvements are generally completed as conditions of tentative map approval and are developer financed. The lack of flexibility for reducing certain infrastructure improvements may be perceived as a constraint to the provision of housing for all income levels.

Amendment of certain infrastructure standards might facilitate housing development. For instance, residential infrastructure costs could be measurably reduced by reducing requirements for street widths, curb, gutter and side walk widths, as well as requiring sidewalks on only one side of the street. A reduction in street widths and sidewalks could result in an increase in the number of units which could be accommodated on any given parcel of land. All other things being equal, this increase in density would result in a per-lot cost reduction. This savings could ultimately be reflected in the price of housing to the residential consumer.

The Public Works Department should consider undertaking a feasibility study to review the applicability of alternative on- and off-site improvement standards for new residential development. One issue to address is the relationship of alternative standards to affordability and opportunities for more pedestrian and public safety oriented site planning.

5.3 Building Codes

The City Building Division has recently streamlined procedures in the interest of reducing approval time frames. The current building permit process incorporates "master plan" review, plan checking prior to actual planning entitlement approval (although no permits are issued without approved entitlements), waiver of issuance of a Certificate of Occupancy for single family housing, and no review of manufactured homes within mobile home parks.

Redevelopment projects of the Sacramento Housing and Redevelopment Agency (SHRA) are exempt from building permit fees. These projects are reviewed pursuant to Chapter 49 of the City Housing Code, which has less restrictive standards than the standard 1991 Uniform Building Code(s) (UBC). Effective August 1992, general residential construction is required to conform to the 1991 UBC and related Codes,

as amended by Chapter 9 of the City Housing Code which addresses regional, climatic or localized site concerns.

5.4 Processing and Permit Procedures

The intent of the City's housing policy is to encourage and facilitate the development of affordable housing. Facilitation is important in the development process where time is money. One means toward this end is the reduction of development costs through the streamlining of the entitlement process. Two streamlining methods which the City employs are concurrent processing of residential entitlement applications and one-stop permit approval at the public counter.

Under the first streamlining measure, a developer/applicant may submit an application for various related entitlements at one time. The Department of Planning and Development concurrently processes all related land use entitlement requests in order to expedite the application. All facets of a proposal are scheduled for one public hearing before the Planning Commission. A project, in total, may also be noticed and scheduled for public hearing before the City Council. As an example; an applicant requesting a General Plan Amendment (GPA), Community Plan Amendment (CPA), rezoning (RZ), Tentative Map (TM), Subdivision modifications (Sub-Mod) and related variances may submit one, all-encompassing application.

Based on an evaluation of several recent project approvals typical of the entitlement review process, the time for residential project approval ranges from approximately three months to one year (from subdivision map, to application submittal, to final approval), depending largely upon the level of environmental review required and the level of controversy surrounding the project. Some multi-family projects that are properly zoned and require only a special permit may take less than four months for review and approval. Other projects that involve rezoning for higher density or are located in environmentally sensitive areas take longer time for review and action. The Building Division averages 4-6 weeks to approve residential building permits once subdivision maps are approved. Processing periods are, in most cases, well within the one-year time limit for development applications.

5.5 Local Government Financing Limitations

Over the past decade, local governments have had increasing difficulty in financing infrastructure improvements and providing essential services to new and existing neighborhoods. The following is a brief summary of the existing constraints to local government financing and the response of local governments to this challenge.

First of all, California's population increased almost 25% from 1980 to 1990. At the same time that this increase was occurring, both the federal and state governments began pulling back on their financial aid for infrastructure maintenance and

improvements. For example, according to Californians for Better Transportation, the level of state and federal funding declined 56% from 1969 to 1987. As a result of the state and federal pullout, the responsibility for infrastructure maintenance and improvements fell to local governments.

Secondly, realizing they cannot "go it alone", local governments have begun to approach infrastructure problem-solving on a multi-jurisdictional basis. While this is a more efficient and effective way of dealing with infrastructure and service provision problems, local jurisdictions still face the challenge of raising necessary funds in light of decreased real property tax revenues and state and federal cutbacks. The City of Sacramento has attempted to meet this challenge through the use of several funding mechanisms, including general obligation bonds, benefit assessment and Mello-Roos assessment districts, increased development fees and increased sales taxes. Development fees, one of the easiest ways for local governments to finance infrastructure improvements, are levied on developers as a condition of project approval and do not require voter approval (as do bonds), nor do they count toward a locality's Gann limit. Fees can guarantee a locality that funds will be available to provide adequate services required as a result of development.

The use of development fees has become widespread as localities have realized that fees could fund a wide range of services related to a given development. However, the strong impact that fees have had on the cost of housing prompted the state legislature to act to curb their seemingly unbridled use. Assembly Bill 600 (Cortese) requires localities to establish a reasonable relationship between a development project, the fee amount, and the facility or service for which the fees are intended.

5.6 Development Fees and Exactions

Many variables affect the total amount of development fees charged by the City for a particular housing project. Some of these variables include the following: the total size of the project, lot sizes, sizes of the individual units, the necessity of housing planning entitlements, capital improvements, engineering services, and housing type.

Development permit fees fall into three categories:

1. Fees charged to cover direct City services.
2. Fees charged to finance the cost of capital improvements or mitigate project impacts.
3. Fees collected by the City for other governmental agencies.

Standard exactions related to housing development may include park land dedication, as a result of the Quimby Act, or school site dedication.

To illustrate average fees charged for residential development, two hypothetical scenarios have been developed. The first is for a 100-lot single family project and the second is for a five acre, 100-unit multi-family project. These are shown in Tables 5-1 and 5-2. Based on the City's current 1992 fee schedule, total planning, engineering and building fees were estimated at approximately \$12,796 per single family unit, and \$4,654 per multi-family unit.

Table 5-3, derived from Keyser Marston Associates March 1991 analysis of residential construction costs, indicates that 5-6% of development costs are devoted to planning and building fees and exactions. This percentage remains a good estimate in November of 1992. In this analysis, planning related fees are combined with the land cost component. If planning and engineering fees are separated from land cost and combined with building fees to form a total City fees component, this component still represents only slightly over 6% of total development costs in the Keyser Marston analysis.

A comparison of current (1992) residential entitlement fees between the City and the County of Sacramento is shown in Table 5-4. While there are similarities between the jurisdiction's planning processes, the environmental review and public works' roles vary considerably and are not noted. The table compares the fees charged by the City and County Planning Departments for typical entitlements required for residential development. Increases in the City's planning fees over the past few years have brought its fees closer to those of the County than they had been historically. The City's fees, however, still remain lower across the board. The County, moreover, has proposed fee increases in early 1993.

As of 1991, a project applicant in the City of Sacramento could request a 25% reduction of Planning fees for projects promoting infill development. Any other proposal to waive or reduce fees must take into account the impacts associated with these actions. Waiver or reduction of fees necessary to cover direct departmental expenses would likely result in a reduction of staff and an increase in processing time for permits and entitlements. Reduction of other fees would likely result in a decrease in the level of capital improvements, a decrease in the ability to provide essential property related services, or an inability to mitigate significant project impacts. Under the City's Zoning Ordinance, the Planning Director may waive planning fees for projects serving low income households.

NONGOVERNMENTAL CONSTRAINTS

While potential governmental constraints can affect the availability and cost of housing, land and financing costs more directly affect housing development costs. These nongovernmental or market constraints are analyzed in the following sections.

5.7 Land Costs

Developers often cite the rising cost of land suitable for residential development as the fastest rising cost component in Sacramento County. There is little the City can directly do to influence the market price of land. However, the City does impact the housing supply through the administration of land use policies. As discussed elsewhere in the Element, it is the City's responsibility to do everything in its power to remove zoning constraints to the development of affordable housing.

Land costs vary widely within the City depending on many factors, including desirability of location, parcel size and level of existing improvements. Infill lots in desirable locations sell for as much as \$200,000 for 1/3 acre. Lots are still available at \$25,000 each in more modest, outlying areas. In Keyser Marston Associates' March 1991 analysis of development costs in the city and county, land cost for a 5,000 square foot lot is estimated at \$32,000 per unit or 21% of total costs. Considering that this figure incorporates slightly more than \$2000 in planning and engineering fees, the net estimate is roughly \$30,000 per lot. As discussed earlier in this section, planning and engineering fees are now estimated to be just under \$6000 per unit.

5.8 Construction Costs

A number of Building Design and Construction innovations may serve to reduce construction costs. These include:

- Use of Optimum Value Engineered (OVE) family design, which has been shown to reduce lumber requirements significantly.
- Mixing unit sizes and types.
- Decreasing dwelling unit sizes without negative effects by careful design of circulation patterns and use of open spaces.
- Use of dual master bedroom units to accommodate joint unit ownership by unrelated single adults.
- Use of all-weather wood foundations.
- Use of thinner floor slabs where possible.
- Elimination of wall sheeting.
- Prefabricated component construction.
- Use of polybutylene water supply piping

5.9 Availability of Financing

Nongovernmental or market constraints include the availability of financing, as well as land and construction costs. These cost components are reviewed in this section.

Financing of land acquisition, land development and housing construction has become difficult in the last several years. Representatives of the Building Industry Association of Superior California, as well several local non-profit and for-profit developers consulted in Housing Element focus group meetings, share this view. A special report from the Urban Land Institute's Real Estate Credit Task Force concurs with this opinion. Although the report indicates that, at the time of its writing, market conditions in California and the Northwest were stronger than the nation as a whole, this no longer holds true for California as of December 1992. As a result of the savings and loan crisis, federal regulators are making it extremely difficult for financial institutions to lend money, even for worthy projects. When they do lend, it is in smaller amounts and with the requirement of a higher level of cash equity on the part of the builder, regardless of credit performance. This situation makes it particularly hard to obtain financing for innovative projects, multi-family projects, or, in fact, anything but standard single family projects. Lenders are shying away from any project which does not have "proven marketability", as they do not want to invite the scrutiny of federal regulatory agencies.

Over the past several years, fixed rate mortgages have varied from just over 7% to 11-1/2%. Adjustable rate mortgages over the same period have varied from 4.5% to 9.5%. As of this writing, fixed rate mortgages with one "point" are averaging about 8.25%, with adjustable rate mortgages averaging about 4.75%. Assuming 8% interest rate, as well as a 20% down payment, a family earning the median income of \$39,700 per year could qualify for loan for a home priced at approximately \$152,000. With a 5% down payment the family could afford a home priced at approximately \$128,000. With a 1% increase in the interest rate, this same family could afford a \$140,000 purchase price at 20% down, and \$118,000 at 5% down.

Interest rates also affect the cost to builders and developers of financing single family and multi-family projects, thereby effectively increasing (or decreasing) the sales prices or rental rates for units in the given projects. Raising investment capital for multi-family projects can be difficult under any circumstances. It is even more difficult for low income housing and even more difficult for non-profit organizations and smaller developers; this is due, in part, to increasing equity requirements.

The federal 1986 Tax Act took away most of the tax advantages that made investment in low income housing attractive in the early 80's. The Tax Act treatment of corporations, however, is significantly different from that of individual investors. In general, corporations are not subject to the passive loss limitations and are allowed virtually limitless tax credits. Corporations therefore, are potentially the principle source of equity capital for low income housing development.

Debt financing is available through the City directly through mortgage revenue bond financing, Mortgage Credit Certificates (MCCs), Community Development Block Grant (CDBG) floats, and loans from CDBG and Tax Increment funds. The California

Housing Finance Agency is another important public provider of debt financing. The bulk of debt financing, however, must be made available through private lending sources. It is therefore vital that the City actively encourage private lender participation in low income housing projects. This can be accomplished partially through careful monitoring of the Community Reinvestment Act performance of local lenders.

The increasing importance of local participation in the funding of housing assistance programs comes in light of the ever decreasing level of federal and state funding for these programs. CDBG funds, the main source of federal funding for these programs, was reduced by 43% from 1980 to 1987.

The most effective use of the various funding sources would probably be the formation of a public/private partnership which could develop a "one-stop financing shopping center" where the unique financing of individual projects could be drafted as a package. This concept has many advantages. One is the availability of a predictable funding source for low income projects and the shared risk.

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Table 5-1

1992 GOVERNMENT FEES COLLECTED FOR A SINGLE FAMILY DEVELOPMENT

<u>Fee Type</u>	<u>Total fee Amounts(In Dollars)</u>
<u>Planning Fees</u>	Negative Declaration \$4,225
Rezone Request ¹	6,475 ²
Tentative Map	4,500 ³
Design Review	757 ⁴
Public Works Review	750
<u>Engineering</u>	
Final Map Charge	3,050 ⁵
Tree Planting	12,000 ⁶
Survey Monumentation	NO FEE
Street Name Signs	2,300 ⁷
Water Development (\$1,647 per unit)	164,700
Quimby Fees	178,000
Plan Check/Inspection ⁸	48,025
Material Testing ⁹	7,750
Streetlight Design Fee ¹⁰	8,000
Sewer Development Fee (123.54/DU)	12,354
4" Sewer Tap ¹¹	201,124
1" Water Service w/Meter (1088 per DU)	108,800
<u>Building</u>	
Plan Check	26,600
Building Permit	79,100
Major Street Construction Tax	59,520
Seismic Motion Instrumentation	525
Regional Sewer Fee (1003/DU)	100,300
Business License	3,000
School Impact ¹²	214,500
Technology	4,228
Residential Construction Tax	38,500
Processing Fees	4,800
Grand Total	\$1,296,918
Per Unit	\$12,969

Assumptions:

1. 1300 sq. ft. homes, 6000 ft. lots, 7du/na
2. 75% 3 Bedroom, 25% 4 Bedroom, attached 2-Car garages
3. \$100,000 acre land value

Notes:

1. Rezone request is consistent with General Plan and Community Plan. A rezone does not always occur. Rather, this is an exception.
2. Total fee reflects base fee of \$5475 + \$10 per lot.
3. Total fee reflects base of \$3500 + \$10 per lot.
4. Base fee, staff fee @ \$81 hourly as needed may be added.
5. Total fee reflects base fee of \$2,300 + \$15 per each parcel over fifty.
6. Fee is levied @ \$100 per each interior lot, @ \$200 per each corner lot.
7. Fee is levied @ \$230 per intersection.
8. "Value of improvements" is based upon \$145 per linear foot of frontage, average 55' wide lot: $\$145/\text{ft.} \times 55 \text{ ft.} \times 100 \text{ lots} = \$797,500$ assume \$800,000. These costs do not include off-site costs such as oversizing or extending sewer, water or drainage lines.
9. Ibid.
10. Ibid.
11. Sewer tap fee is $\$91.42 \times 1/2$ of street ROW width - i.e. $22' \times 91.42$ per DU 4" service
12. Fee varies from \$1.65 to \$2.65, contingent upon which of seven school districts serve the project.

Table 5-2

1992 GOVERNMENT FEES COLLECTED FOR A MULTI-FAMILY DEVELOPMENT

<u>Fee Type</u>	<u>Total for Development (Dollar amount)</u>
<u>Planning Fees</u>	
Negative Declaration	975
R-Review	2,050 ¹
(Design Review	757 ²)
<u>Engineering</u>	
Tree Planting ³	0
Street Name Signs ⁴	0
Water Development ⁵	
Sewer Development ⁶	75,200
Quimby fees	88,000
Engineering ⁷	200
<u>Building</u>	
Plan Check	25,048
Building Permit	30,604
Major Street Construction Tax	35,168
Seismic Motion Instrumentation	923
Business License	1,758
School Impact ⁷	144,375
Residential Construction Tax	28,250
Technology	2,226
Residential Construction Tax	240
Water Development Fee	9,881
Water Tap and Meter (4" service)	3,284
<hr/>	
Grand Total	\$465,435
Per Unit	\$4,654

Assumptions

1. 5.0 acre site
2. Units average 875 GSF
3. Unit mix 50%, 1 bedroom, 50%, 2 bedroom
4. Five twenty unit buildings, One-hundred units total.
5. Building Valuation \$4,564,875. Land Value \$100,000/acre

Notes

1. Site is zoned to allow Multi-family development. "R" Review addresses on-site development standards.
2. Base fee, staff fee @ \$81 hourly as needed may be added.
3. Tree planting is addressed under general landscaping re: on-site development criteria.
4. Ibid.
5. Assumes the street frontage improvements are in place. Service provided via 4" infrastructure.
6. Total reflects capital investment equalization fee @ \$752 per unit.
7. \$200 minimum, plus \$55 hourly as needed.
8. Fee varies from \$1.65 to \$2.65, contingent upon which of seven school districts serve the project.

Table 5-3

**March 1991
CONSTRUCTION COST COMPONENTS BREAKDOWN
1300 SQUARE FOOT SINGLE FAMILY HOME**

<u>Category</u>	<u>\$Amount (per unit)</u>	<u>Percentage</u>
Direct Costs	61,100	43%
Land	32,000	22%
Profit	16,400	11%
Financing	11,810	8%
City Permits and Fees	7,000	5%
Cost of Sales	5,140	4%
Overhead	3,650	3%
Architecture & Engineering	3,060	2%
Marketing	1,000	1%
Taxes & Insurance	920	1%
Legal & Closing	920	1%
Total	143,000	100%

**March 1991
875 SQUARE FOOT APARTMENT**

Direct Costs	37,750	49%
Land	10,000	13%
Profit	8,045	10%
City Permits & Fees	4,500	6%
Financing	4,450	6%
NPC of Neg Cash Flow	3,735	5%
Cost of Sales	2,300	3%
Overhead	2,260	3%
Architecture & Engineering	1,510	2%
Marketing	800	1%
Taxes & Insurance	720	1%
Legal & Closing	720	1%
76,790	100%	Total

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Table 5-4
SELECTED RESIDENTIAL PLANNING APPLICATION FEE COMPARISON 1992

<u>Entitlement</u>	<u>City of Sacramento Review & Entitlement Processing Fees</u>	<u>County of Sacramento Planning & Hearing Fees</u>
General Plan Amendment	5897	4878
Additional Fees:		
Res to Comm. Ind.	-	867
Ag. to Urban	-	2255
200-500 ac.	-	1214
500 + ac.	-	4335
Community Plan Amendment	4821	4285
Rezone	5475 (+ 10/parcel)	4413
Variance (P.D/ZA)	415	1734
Variance (P.C./BS)	1103	2180
Variance (Fence ZA)	-	217
Development Plan Review		
Early Preliminary Review		
/Dev Plan Review	1120	1388
Project Modification	783	2235
PC,CC/BS "R" Review	2050	2524
Special Permits		
PD/ZA	1022	1734
CPC/Project	2247	2696
PC/BS		3286
Condominium Conversion	5353	4229
Special Dev. PUD Permit	2077	3046
Time Extension CC	1158	N/A
Tentative Map CPC/CC-PC/BS	3500	3839
Additional fee	10/parcel	692 (26-100 lots) 348 (each 100 over 100)
Post Subdivision Modification/ Subdivision Resubmission	2676 + (\$10/parcel)	3146
Time Extension CPC/BS	783	2972
Lot/Boundary Line Adjustment	947	930
Cert. of Nonconforming Use	259	347
Development Agreement	5346 + Direct Cost	4218
Dev. Agreement Annual Review	N/A	758

- Notes:
1. City entitlement designations are listed first.
 2. City fees do not include miscellaneous related environmental or Public Works fees.
 3. County fees do not include miscellaneous related environmental, Public Works, or Regional Transportation fees.
 4. The following land use designation abbreviations are used:
Res.-Residential Comm.-Commercial Ind.-Industrial Ag.-Agricultural
 5. The following abbreviations refer to the appropriate hearing bodies:
P.D. - City Planning Director Z.A. - County Zoning Administrator
P.C. - City Planning Commission C.C. - City Council
B.S. - County Board of Supervisors
 6. Where specific entitlements are not available, the most similar entitlements and processes are compared.

6. ENERGY CONSERVATION OPPORTUNITIES FOR HOUSING MAINTENANCE AND AFFORDABILITY

The relationship between energy conservation programs and affordable housing programs, which are not often linked, merits strengthening. In addition to being environmentally responsible and economically efficient, energy efficient building design and other energy conservation measures often result in lower monthly housing costs for residents (at no additional cost to the builder) and contribute towards overall housing affordability. Furthermore, design, lot orientation and site planning could help conserve energy. The City of Sacramento implements several programs and regulations that reduce energy costs and reinforce the affordability of housing.

6.1 Energy Conservation Programs

One program available to Sacramento residential developers is the Sacramento Municipal Utilities District's (SMUD) Energy Efficient New Construction Program which provides a maximum of \$2,000 per unit in incentives to builders who exceed the California Building Code (Title 24) standards for energy efficiency. The program's goal is to "purchase" energy conservation by financing 100% of energy efficient construction beyond Title 24 standards. SMUD reached an economic decision that "purchasing" energy conservation is more cost effective than increasing capacity. As such, this program represents no drain on the utility rate payer. Table 6-1 which follows lists current incentives offered under this program.

Table 6-1: SMUD RESIDENTIAL NEW CONSTRUCTION INCENTIVE PROGRAM

<u>Improvement</u>	<u>Incentive(\$)</u>
High Efficiency Heat Pump*	\$100 - \$550
High Efficiency Air Conditioner*	\$25 - \$300
Whole House Fan	\$100
Shade Screen	\$.30/square foot
Energy Efficient Refrigerator	
• Exceeds 1990 energy efficiency standards by 10%	\$50
• Exceeds 1990 energy efficiency standards by 15%	\$100
Buy-back of pre-1980 frost-free refrigerator	\$100
Fluorescent Lighting	
• Interior fixture	\$20/fixture
• Interior fixture for compact fluorescent lamp	\$10/fixture
• Screw-in compact fluorescent lamp & ballast	\$ 8/lamp & ballast
• Exterior fixture	\$10/fixture
• Must exceed Title 24 standards	

Source: SMUD.

While savings in monthly housing costs as a result of this program may vary, it is estimated that as much as \$50 in monthly savings could be expected under certain circumstances.

SMUD also offers programs for energy efficient retrofitting. However, the current emphasis is on the new construction program, as retrofitting is estimated by SMUD as being five times as expensive as new construction efforts to achieve the same savings.

6.2 Residential Development Policies Promoting Energy Conservation

Several current residential development regulations and policies promote energy conservation and efficiency of use. For instance, the City has actively encouraged the development of vacant sites throughout Sacramento. Infill development takes advantage of existing infrastructure.

Programs and policies supporting residential energy conservation are:

- (1) **Infill Program**
The City offers incentives to develop vacant parcels within older neighborhoods, thereby taking advantage of existing infrastructure and other services.
- (2) **SHRA Weatherization Program**
Similar to SMUD/PG&E conservation programs, this program helps reduce operating costs of existing housing.
- (3) **Tree Planting Program**
- (4) **Subdivision Ordinance Regulations**
Lot orientation regulations in the ordinance promote natural solar power and energy conservation.
- (5) **Multi-Family Parking Lot Tree Shading Ordinance**
- (6) **Residential Water-Metering Requirement**
Water meters are required to be installed in all new residential construction.
- (7) **Implementation of Title 24**

7. PRESERVATION OF ASSISTED UNITS

Sacramento is faced with the possibility of losing a large supply of government-assisted multi-family housing due to expiring use restrictions, subsidy terminations or mortgage prepayments. These units have comprised the a substantial percent of the housing stock affordable to low and very low income households. The City has made preservation of these units a top priority. The following section describes the number of units at risk of converting to non-low income uses in Sacramento, and it outlines efforts the City has taken or will take to preserve the affordability of the units.

7.1 Inventory of Units at Risk of Losing Use Restrictions

The "Preservation of Assisted Housing" analysis for the City of Sacramento covers the period from July 1, 1991 to July 1, 2001. The inventory of units at risk of losing use restrictions is divided (by earliest date of potential subsidy termination) into two 5 year sub-periods, from July 1, 1991 to July 1, 1996, and from July 1, 1996 to July 1, 2001. The inventory includes projects financed by local multi-family bond programs, as well as those assisted through HUD loan programs 202, 221(d)3, and 236 and HUD project based section 8 rental assistance programs. A list of local bond projects was obtained from the Sacramento Housing and Redevelopment Agency (SHRA) and the HUD assisted projects were obtained from the "Inventory of Low Income Rental Units Subject to Termination of Federal Mortgage and/or rent subsidies by the year 2008", prepared by the California Coalition for Rural Housing (CCRH) Project from HUD's MIDLIS and MIS data bases. It has been confirmed that no FMHA Section 515, in-lieu fee, inclusionary, or density bonus projects exist within Sacramento. The SHRA has stated that HUD Section 101, 213, and CDBG projects are few or non-existent. State multi-family bond projects and redevelopment projects, however, may contain units at risk of losing affordability protection.

In addition to the units at risk during the ten-year analysis period, six housing projects have already reached their earliest subsidy termination date. They are summarized in Table 7-1 on the following page. Two of the six projects received Section 8 assistance and chose not to opt out. Since each of these projects has ten years of subsidy remaining on their contracts, it can be assumed that the next subsidy termination date will be five years after the date listed in the CCRH report. These units are included in the summary of Section 8 units for 1995 within the first five-year reporting period. The projects subject to prepayment have all filed "notice of intent" with the exception of Sun Garden Plaza, and are in various stages of the HUD process for prepayment. Sun Garden Plaza's 150 units are not included in the summary for units at risk pre-July 1, 1991, or for 1990. At present, no project has successfully prepaid its mortgage and converted to market rate in Sacramento.

Table 7-1
Inventory of Assisted Housing Units
at Risk before July 1, 1991

Project Name & Address	Type of Assistance	Earliest Date of Termination	Total Units	Elderly Units
Florin Meadows 7301 29th St. Sacramento, CA 95822	FHA	6/27/89	120	0
Forrest Palms Senior Ctr. 1825 El Monte Ave. Sacramento, CA 95815	Section 8	3/7/90	39	39
Broadway Seniors Center 53rd St. & Broadway Sacramento, CA 95820	Section 8	4/2/90	119	119
Florin Meadows 2 7301 29th St. Sacramento, CA 95822	FHA	7/13/90	124	0
Sun Garden Plaza 6248 Lemon Hill Ave. Sacramento, CA 95824	FHA	9/1/90	150*	0
Norwood Arms (Willow Tree) 4300 Norwood Sacramento, CA 95838	FHA	3/19/91	108	0
Total			510 units	158 units

* Excluded from total because owner did not file a Notice of Intent to convert.

Source: SHRA and California Coalition for Rural Housing (CCRH) Project.

This section and the inventories contain the following components required by State Law: (1) Units at risk of losing use restrictions, (2) cost analysis of preserving at-risk units versus replacing them, (3) nonprofit entities capable of acquiring and managing at-risk projects; (4) potential preservation financing sources, (5) number of at-risk projects/units to be preserved, and (6) efforts to preserve units at risk of losing use restrictions. Three types of assistance are inventoried; they are FHA, Section 8, and local bonds. FHA refers to HUD-sponsored programs which are subject to prepayment. Section 8 refers to projects subject to opt-outs. Local bond projects are subject to expiration of restrictions. Included are summary tables describing number

of housing units at risk of conversion by housing tenure (elderly versus family units) and type of assistance (Table 7-2), and by year of housing assistance expiration (Table 7-3).

Table 7-2
SUMMARY OF UNITS "AT RISK"
BY FIVE-YEAR PERIOD AND TYPE OF ASSISTANCE

GRAND TOTAL JULY 1, 1991 - JULY 1, 2001		2402 units
<hr/>		
■	Units at risk (July 1, 1991 - July 1, 1996)	1552 units
	Number of elderly units *	510
	<u>Number of units by type of assistance</u>	
	Local Bonds	257
	FHA	711
	Section 8	584
■	Units at risk (July 1, 1996 - July 1, 2001)	850
	Number of elderly units	0
	<u>Number of units by type of assistance</u>	
	Local Bonds	621
	FHA	156
	Section 8	73
<hr/>		
■	Units at risk prior to July 1, 1991	352
	Number of elderly units *	0
	<u>Number of units by type of assistance</u>	
	FHA	352
<hr/>		

* Elderly units at risk prior to July 1, 1991 are included in the 1991-1996 count.

Source: SHRA.

During the 1991-2001 ten-year period, approximately 2,402 assisted housing units are at risk of conversion from low income to non-low income use. 1,552 units are at risk from July 1, 1991 to July 1, 1996. The majority of those units received FHA financing and their affordability controls are in danger of prepayment. There are 850

government-assisted housing units in Sacramento that are in jeopardy during the second five-year period, from July 1, 1996 to July 1, 2001. Elderly housing units are not at risk during that time because the majority of those units were assisted by local bonds.

From the following summary table, approximately 2,754 total assisted housing units are at risk of conversion to non-low income use from 1989 to 2001. 510 of those units (or 18.5 percent) are currently designated for the use of senior citizens.

Table 7-3
Summary of Units "at Risk" by Year

Year	Elderly Units	Total Units
1989	0	120
1990	0	124
1991	0	108
1992	0	268
1993	108	140
1994	242	689
1995	160	269
1996	0	387
1997	0	208
1998	0	0
1999	0	0
2000	0	368
2001	0	73
	510	2,754

Source: SHRA.

In compliance with State housing element requirements, the inventory which follows contains information on each assisted project in the ten-year period by name and address, type of governmental assistance received, the earliest possible date of conversion from low income use, and the total number of elderly and non-elderly units that could be lost.

**Table 7-4: Inventory of "at Risk" Assisted Housing Units
in the City of Sacramento (July 1, 1991 - July 1, 1996)**

<u>Project Name & Address</u>	<u>Type of Assistance</u>	<u>Earliest Termination Date</u>	<u>Total Units</u>	<u>Elderly Units</u>
Calvine Estates 7140 Calvine Rd., #23 Sacramento, CA 95823	Local Bond	9/1/95	11	0
Cedar Ridge 4945 Mack Rd. Sacramento, CA 95823	Local Bond	6/7/95	55	0
Natomas Court 2223-B Northview Dr. Sacramento, CA 95833	Local Bond	6/1/95	5	0
Park City 3310 Winter Park Dr. Sacramento, CA 95834	Local Bond	6/14/96	77	0
Parkway Village 7926 Center Parkway Sacramento, CA 95823	Local Bond	5/31/96	66	0
Pheasant Pointe 2660 Stonecreek Dr. Sacramento, CA 95833	Local Bond	1/19/96	43	0
Camelot South 1229 E Street Sacramento, CA 95814	FHA	8/16/92	20	0
Camelot North 1221 E Street Sacramento, CA 95814	FHA	8/16/92	20	0
Piedmont Arms 2556-2560 27th St. Sacramento, CA 95818	FHA	7/10/94	14	0
1215 D Street Sacramento, CA 95823	FHA	9/20/93	24	8
Sherwood Court 12th & D Streets Sacramento, CA 95814	FHA	10/9/94	14	0
Washington Square 2 801 E Street Sacramento, CA 95814	FHA	10/16/94	51	16

<u>Project Name & Address</u>	<u>Type of Assistance</u>	<u>Earliest Termination Date</u>	<u>Total Units</u>	<u>Elderly Units</u>
Washington Square 3 901 E Street Sacramento, CA 95814	FHA	10/30/95	40	2
College Gardens 7745 College Town Dr. Sacramento, CA 95826	FHA	8/17/92	100	0
2301 C Street 2301 C Street Sacramento, CA 95814	FHA	11/9/92	16	0
2517 C Street 2517 C Street Sacramento, CA 95816	FHA	11/29/92	16	0
Pioneer Towers 5th & P Streets Sacramento, CA 95814	Section 8	2/27/93	100	100
2410 C Street 2410 C Street Sacramento, CA 95816	FHA	3/1/93	16	0
College Greens 7901 La Riviera Sacramento, CA	FHA	3/6/94	200	0
St. Frances Manor 2515 J Street Sacramento, CA 95816	Section 8	6/15/94	126	126
Meadowview Riviera 2454 Meadowview Rd. Sacramento, CA 95822	FHA	9/29/92	96	0
Townhouse Villas 3730 Modell Way Sacramento, CA 95838	Section 8	7/31/94	100	0
Cosumnes River Apts. 8180 Center Parkway Sacramento, CA 95823	FHA	8/14/94	84	0
Casa Del Angelo 3151 Notre Dame Dr. Sacramento, CA 95826	Section 8	10/2/94	100	100

Source:

**Table 7-5: Inventory of "at Risk" Assisted Housing Units
in the City of Sacramento (July 1, 1996 - July 1, 2001)**

<u>Project Name & Address</u>	<u>Type of Assistance</u>	<u>Earliest Termination Date</u>	<u>Total Units</u>	<u>Elderly Units</u>
Fountain Oaks 132 Fountain Oaks Cr. Sacramento, CA 95831	Local Bond	7/19/96	58	0
Grouse Run 7413 So. Land Park Dr. Sacramento, CA 95831	Local Bond	6/1/00	49	0
Rancho Natomas 801 San Juan Rd. Sacramento, CA 95833	Local Bond	8/16/97	68	0
Riverpointe I 2361 Oaks Harbour Dr. Sacramento, CA 95833	Local Bond	9/1/96	71	0
Riverpointe II 2361 Oaks Harbour Dr. Sacramento, CA 95833	Local Bond	3/1/97	71	0
River Terrace 2592 Millcreek Rd. Sacramento, CA 95833	Local Bond	4/1/97	69	0
Smoketree 3334 Smoketree Dr. Sacramento, CA 95834	Local Bond	5/1/00	104	0
Stone Creek 2645 Stonecreek Sacramento, CA 95833	Local Bond	11/1/96	74	0
Creekside 6465 Village Center Dr. Sacramento, CA 95823	Local Bond	1/15/00	59	0
Park Place El Mirador 1230 N Street Sacramento, CA 95816	FHA	6/27/00	156	0
Cascade Apts. 7600 Fruitridge Rd. Sacramento, CA 95820	Section 8	6/11/01	73	0

Source:

7.2 Cost Analysis

According to Keyser Marston Associates' March 1991 study, the total development costs per unit is \$62,710 for a 100 unit apartment complex averaging 875 square feet per unit. Redevelopment Agency staff estimated in a May 28th, 1991 report to City Council on preservation of assisted units, that local gap financing to cover 5% of buy-outs of pre-payment eligible complexes could range from \$1,750 to \$3,000 per unit. This amounts to \$35,000 to \$60,000 total cost per unit. At that amount, preservation of "at risk" units by way of buyout is significantly less expensive than new housing construction. Far less local financing would be required for purchase of pre-payment eligible units than it would be for the construction of new units which typically assume 20%-30% of equity investment compared to 5% which would be required for buyouts. Additionally, "priority purchasers" of pre-payment eligible complexes may receive new project based Section 8 contracts which have rents sufficient to meet operational expenses, and service the original below-market rate loan, an acquisition loan for 95 percent of the owner's equity, and a rehabilitation loan.

Assuming that the owners of all potential prepayment projects will elect to sell their property, an estimate of the total local funds necessary for their acquisition is as follows:

<u>Subsidy termination date</u>	<u>Units</u>	<u>Cost estimate</u>
Pre 7/1/91	352	\$600,000-1.1 million
7/1/91 - 7/1/96	711	\$1.2 million - \$2.1 million
7/1/96 - 7/1/01	156	\$275,00-\$500,00
Total	1219	\$2.1 million - \$3.7 million

In addition to the equity requirements, SHRA will be providing grants and loans to assist tenant groups and non-profit organizations to undertake the studies and predevelopment activities necessary to purchase projects. An estimated \$1.0 million will be necessary for projects anticipated to be for sale.

The Agency report notes that if new pre-payment legislation is not adequately funded, total preservation cost could be as much as twenty times higher. The local subsidy required for purchase of Section 8 projects is estimated to be 20-30% of property value. While this course of action would still be less expensive than replacement by new construction, it is not as economical as buyout of pre-payment projects and, therefore, is not the most effective use of limited local funds available for preservation. Moreover, the cost of subsidy to maintain rents at 30% of tenant income in a project with an expired Section 8 contract is substantially greater than the cost of subsidizing the acquisition itself and is therefore not a feasible alternative.

7.3 Resources for Preservation

Two types of resources are to be considered for preserving at-risk units; they are (1) public agencies, non-profit housing corporations and tenant groups, and (2) public financing or subsidy programs. In the Sacramento area, several non-profits have expressed interest in obtaining "at risk" properties. Although specific information on the financial resources of these entities is unavailable at the time of this writing, the Agency states that the Sacramento area has insufficient non-profit capacity to acquire all or even a significant portion of the subject projects during the next five years. In its report to Council, the Agency also points out the pitfalls of tenant-based organizations, citing that they are labor intensive to form, unstable unless established carefully, and, along with non-profits, often lacking the equity capital and expertise necessary for complex housing development problems liable to arise in the acquisition of "at risk" projects. Remedying this situation requires the agency to provide technical assistance, predevelopment loans, and, when feasible or necessary, actually act as purchaser of "at risk" properties. The agency will be exploring the latter course of action further.

The Redevelopment Agency has established a Preservation Grant and Loan Program to assist tenant groups and non-profit organizations to prepare for acquisition. The components of this program include:

- 1) the education of tenants regarding Title II and Title VI and the abilities of tenants to influence the process;
- 2) grants for the organization of tenants into a cohesive group as a non-profit;
- 3) loans for predevelopment activities prior to site control;
- 4) loans for implementation activities subsequent to site control; and
- 5) equity contributions for project purchase.

The Agency has allocated approximately \$400,000 from 1990 Tax Allocation bonds to initiate the program. Other sources of financing will need to be developed to significantly deal with the preservation issue.

Possibilities for gap financing include CDBG or Section 108 bonds, or proceeds from the proposed local general obligations bond for housing. Locally issued 501(c)(3) bonds could be used in conjunction with HUD insurance to provide slightly better terms for permanent financing. In addition, State Senator Roberti has proposed a bill to provide State funds for preservation.

Specific dollar figures are not available at the time of this writing for any of the above mentioned sources. Block Grant monies are tightly controlled and at the present time

are being utilized at or near the fullest extent possible. The proposed local bond is in the formative stage and the Roberti Bill has not yet been passed. As for other potential gap financing funds, 501(c)(3) bonds may be used but have limited potential and the next Tax Allocation Bond issue will not be allowed until 1996.

7.4 Quantified Objectives

At present, the Redevelopment Agency's following policy statement shall serve as the City's quantitative objective for its preservation efforts.

It shall be, to the extent practical and financially feasible and to the extent that funds are available, the policy of the Redevelopment Agency of the City of Sacramento ("Agency") to prevent all conversions of existing, federally-assisted housing to market-rate rents. This statement recognizes the need for maintaining an adequate supply of decent and affordable housing for all segments of the population, the greater cost involved in providing new affordable housing as compared to preserving the existing stock, and the need to prevent large-scale tenant displacement.

As calculated earlier, this amounts to 2,402 total units over the ten year period comprised as follows:

Table 7-6: Summary by Government Assistance and Time Period

Assistance	July 1, 1991 - July 1, 1996	July 1, 1996 - July 1, 2001	Total
Local Bonds	257	621	878
FHA	711	156	867
Section 8	584	73	657
Total	1,552	850	2,402

7.5 Preservation Programs

The Agency's "Steps to Implementation" as described in the May 28, 1991 staff report, serves as the basis for the City's preservation program. They are:

- 1) **Assess Options as Soon as Practical:** It shall be the policy of the Agency to assess options for preservation of each property as soon as practical. Early assessment of options will help ensure maximum flexibility and cost effectiveness.

- 2) **Monitor Projects:** The federal legislation provides for defined timetables which must be carefully monitored to maximize opportunities for preservation. The Agency shall develop a process for monitoring the status of at-risk projects, especially after owners have filed Notices of Intent with HUD indicating interest in prepayment, sale or opt-out of Section 8 contract. In the case of prepayment projects, the Agency will, with HUD, monitor the submission and implementation of the owners' incentive plans to ensure maximum long-term affordability of housing units and adequate property maintenance. In the case of opt-out projects, where owners do not wish to sell their properties, the Agency shall attempt to negotiate with the owner and HUD to seek sufficient contract rent increases and/or contract extensions to encourage continued Section 8 participation.
- 3) **Commit Local Resources:** The Agency may commit local funding on a case-by-case basis if necessary to ensure long-term preservation of such housing units. In many cases this will be through acquisition of the units by the Agency or through financing acquisition by a "priority" or "qualified" purchaser, as defined under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 ("LIHPRHA") and any regulations adopted in conjunction with LIHPRHA.

To achieve this end, the Agency will act as a clearinghouse for all interested purchasers of the project and will, to the extent practical, take steps to ensure that there is a reputable priority purchaser ready, willing and able to acquire the property, who will bring maximum third-party financing to the transaction, and who will improve or maintain the condition of the property and its affordability restriction.

If a property appears suitable for acquisition by the Agency, and funding for acquisition, rehabilitation and operations is available to the Agency, the Agency itself will take steps to acquire the project.

It is unlikely that the Agency will have sufficient funds to enable preservation of all projects requiring local resources to prevent prepayment or opt-out. Therefore, certain criteria will need to be applied to determine priorities for Agency acquisition and/or Agency funding. While the priorities will in large part be determined by the final LIHPRHA regulations, which are not anticipated to be circulated until August or September, in general the following types of projects will be considered priority for Agency acquisition and/or Agency funding:

- a) Projects at risk of prepayment, as opposed to projects at-risk of opt-out. LIHPRHA provides for 95% financing of prepayment projects, whereas no targeted financing is available for opt-out

projects. Thus, at the current time it appears that prepayment projects will probably be preserved with less gap financing by the Agency relative to opt-out projects.

- b) Projects in Community Plan Areas not meeting their Fair Share requirements, since loss of affordable projects in these areas will add further to the area's affordability gap.
- c) Projects whose acquisition and rehabilitation would contribute to neighborhood revitalization.
- d) Projects whose acquisition and rehabilitation costs will be less than cost of new construction of a similar project.
- e) Projects where maximum units are preserved for a minimum contribution of local funds.
- f) Projects with two, three or four bedrooms, and seniors projects.
- g) Projects located near schools, public transit, medical and other services.
- h) Projects in areas likely to garner high market rate rents, whose conversion would negatively impact tenants in the short run.

In cases where a project is not the Authority's preference for acquisition, but no other "priority" or "qualified" purchaser wishes or is able to acquire the property, the Authority will, where practical, and financially feasible, and to the extent local funds are available, step in to acquire the property as a "buyer of last resort" in order to prevent market rate conversion.

The Agency will also explore the use of such resources or techniques as voluntary condemnation and tax exempt financing which have no direct cost to the Agency and may lower the overall development costs and requirements for local funding.

In February, 1993, the City Council and the Redevelopment Agency and the Housing Authority of the City of Sacramento expanded on these policies by adopting a program with regard to the provision of financial assistance for preservation of federally assisted housing. This included a grant and loan program with the following components:

- 1) education of tenants regarding Titles II and VI;

- 2) organizational grants for tenants;
- 3) predevelopment loans for activities prior to site control;
- 4) implementation loans for activities subsequent to site control; and
- 5) equity contributions for project purchase.

The adopted resolution authorized issuance of a NOFA to residents of affected properties and to non-profit housing agencies.

The adopted program also included a contract for a Preservation Education Coordinator. The Coordinator will deliver an initial curriculum to tenants of all affected projects and will provide, upon request, additional tenant organization materials.

Lastly, the adopted resolution authorizes the Executive Director of the Sacramento Housing and Redevelopment Agency to evaluate projects for acquisition by the Housing Authority of the City of Sacramento.

- 4) Promote Tenant Participation: LIHPRHA encourages acquisition of at-risk projects by tenants and it is anticipated that the final regulations will further define both the role of tenants and the expected interaction between local government and tenants in preservation efforts. The Agency will fully comply with the requirements of the final LIHPRHA regulations. In any event, the Agency will address tenant concerns by: a) taking steps to educate tenants regarding preservation issues through workshops and other means as appropriate, b) keeping any designated tenant representatives informed as to the status of their project in HUD processes or with regard to acquisitions, c) supporting, through technical assistance and/or funding, to the extent practical and to the extent funds are available, acquisition of projects by tenant groups where the tenant group appears viable and where such acquisition appears desirable and financially feasible.

HE-7//OPT-OUTS

8. LOW AND MODERATE INCOME HOUSING FUND

Through its redevelopment efforts, the City of Sacramento has used tax increment financing to increase the supply of housing affordable to lower income households and to eliminate blight from several of its poorer neighborhoods. Tax increment financing has also facilitated non-residential rehabilitation and comprehensive community development in addition to housing assistance.

Tax increment financing is a mechanism available to jurisdictions for the development of low and moderate income housing programs. Private investment in a designated redevelopment area increases property tax revenues which in turn generate tax increment financing.¹ The area's tax revenue increment from the base year onward is available to the local redevelopment agency to finance development within the targeted area. According to State Law, redevelopment agencies must set aside a minimum twenty percent of tax increment in a special fund for low and moderate income housing. This fund is referred to as the "tax increment set-aside."

Set-asides from tax increment generated from its various redevelopment areas have been one of the City's major revenue sources in its low and moderate income housing fund. Proceeds from additional sources such as property sales, loan repayments, bonds, and certificates of participation as well as other contributions augment the City's low and moderate income housing fund for its redevelopment target areas. Additionally, the Redevelopment Agency will use the revenue from the Housing Trust Fund Program to increase the citywide supply of housing affordable to low income households and individuals, with priority given to very low income individuals and households. The funds described in this section, however, detail the low and moderate income housing program for the redevelopment areas whose main funding base is the tax increment financing.

8.1 Target Areas for the Low and Moderate Income Set-Aside Funds

Prior to 1990, the City had four designated redevelopment areas; those areas were Alkali Flat, Del Paso Heights, Oak Park and Downtown. Each area had a significant amount of economic, social and physical problems warranting its selection as a redevelopment target area. In 1990, the City Council designated the Richards Boulevard area as a new redevelopment area. Additionally, in 1992, the North Sacramento area and Auburn Boulevard became the newest redevelopment areas. The Sacramento Housing and Redevelopment Agency is currently studying the South

¹ Nancy L. Minter, "Tax Increment Financing," Urban Land, May 1991, pp. 3 and 39.

Sacramento Area for the potential establishment of additional redevelopment target areas.

8.2 Low and Moderate Income Housing Fund Revenue

The Citywide total of tax increment set-aside has increased steadily from \$1,459,040 in 1985 to \$3,404,671 in 1991. The total amount of money available in the City's low and moderate income housing set-aside fund and each redevelopment plan area's accrued funds from 1985 to 1991 are shown in Table 8-1.

Sacramento's Downtown Redevelopment Area, home to the City's major business district, accrued more than two million by 1988 in tax increment set-aside for low and moderate income housing. By 1991, \$2,768,665 was available in the Downtown Redevelopment Area's set-aside account. The Oak Park neighborhood's set-aside was \$284,691 by 1991 for the use of increasing and improving the supply of low and moderate income housing in that community. As shown in Table 8-1, the Alkali Flat and Del Paso Heights set-aside accounts each had more than \$150,000 in by 1991.

**TABLE 8-1: SUMMARY OF 20% TAX INCREMENT SET-ASIDE
BY PROJECT AREA (in dollars)**

Redevelopment Area	1985	1986	1987	1988	1989	1990	1991
Downtown	1,133,040	1,561,700	1,878,514	2,050,191	2,375,765	2,277,671	2,768,655
Alkali Flat	80,800	121,600	143,800	134,374	158,639	158,639	159,245
Del Paso Heights	95,000	121,700	174,720	143,672	181,647	189,719	196,047
Oak Park	170,200	179,312	234,250	217,116	255,355	284,691	280,724
Total	1,479,040	1,984,312	2,431,284	2,545,353	2,971,406	2,910,720	3,404,671

Source: SHRA.

In addition to the 20% tax increment set-aside, the Redevelopment Agency has augmented the City's low and moderate income housing fund revenues with interest accruals, annual adjustments, annual property sales proceeds, and loan repayments. Additional deposits and adjusted requirements to the fund include bond proceeds and Certificates of Participation. Revenue breakdown for 1985 to 1991 five-year period is in the Technical Appendix. Until 1991, proceed deposits have steadily surpassed the tax increment set-aside amount in the citywide low and moderate income housing fund. The total revenue available for the City's housing fund was \$5,844,668 in 1991.

8.3 Expenditure of Low and Moderate Income Housing Funds

As shown in Table 8-2, the City's low and moderate income housing fund annual revenue increased substantially from \$5,774,043 in 1985, to \$20,939,485 in 1990.

However, it should be noted that 1989 and 1990 revenues were increased due to issuance of Tax Allocation Bonds. Revenues in 1991 were at \$5,844,668. The majority of fund expenditures involved program or project subsidies, debt service and administration. All funds are committed to projects. The encumbered fund balance represents funding committed to projects that are in the design, entitlement or construction phases.

Table 8-2: Low and Moderate Income Housing Fund Expenditures from 1985 to 1990

Totals	1985	1986	1987	1988	1989	1990	1991
Revenue	\$5,774,043	\$2,141,000	\$4,302,970	\$8,202,932	\$11,631,059	\$20,939,485	5,844,668
Expenditure	1,414,080	2,640,800	6,013,210	8,866,310	5,368,276	5,801,829	14,017,178
Cash Fund Balance*	6,695,624	6,195,824	4,485,484	3,822,106	10,084,889	25,222,545	17,050,036

* The 1984 starting Cash Fund balance was \$2,335,661. 100% of the Cash Fund balance is committed to redevelopment projects.

Expenditure of funds in 1991 for the Downtown area, Alkali Flat, Del Paso Heights and Oak Park low and moderate income housing accounts are described in Table 8-3. The table provides a breakdown by redevelopment area of the dollar amount and expenditures devoted to programs and subsidies, debt service and administration.

Table 8-3: 1991 Low and Moderate Housing Fund Expenditures

Redevelopment Target Areas	Expenditures				
	Programs/ Subsidies	Debt Proceeds	Debt Service	Administration	Total
Downtown	\$2,242,201	\$4,715,455	\$2,513,795	\$1,736,487	\$11,207,938
Alkali Flat	\$617,248	69,015	\$179,007	\$134,501	\$999,771
Del Paso	\$160,431	406,669	\$147,425	\$113,491	\$828,016
Oak Park	\$452,146	0	\$335,516	\$193,791	\$981,453
Total	\$3,472,026	\$5,191,139	\$3,176,743	\$2,178,270	\$14,017,178

Source: SHRA

Approximately 23% of total program funds were used in 1991 toward program subsidies. Thirty-seven percent of the funds within the citywide low and moderate income housing program involve payment of debt service and 16 percent went towards administration of the various programs.

Program and Subsidy Expenditures

The tax increment housing setaside fund has become the Redevelopment Agency's flexible financing source to support a wide variety of housing for low-income people. A partial list of the types of activities supported with setaside funds follows:

- ▶ purchase of single-family boarded properties for rehabilitation and sale to first-time homebuyers.
- ▶ construction and operation of shelters and transitional housing for the homeless.
- ▶ acquisition through eminent domain of the Shasta Hotel, a historic SRO which had been condemned by the City.
- ▶ gap financing for private and nonprofit developers of family housing for low-income people (Village Park, Taylor Terrace, Norwood Estates, Mercy Housing).
- ▶ acquisition of HUD-held properties for rehabilitation by the Sacramento Mutual Housing Association (Glen Ellen and Evergreen Apartments).
- ▶ financing of the Central City Housing Strategy and its Implementation Plan.
- ▶ construction and permanent financing for a demonstration project combining intergenerational housing with social services (Head Start, child care, job training, etc.).
- ▶ land financing for self-help single family new construction for first time homebuyers.
- ▶ gap financing and operational subsidies to complete the construction of Woodhaven Seniors Housing, out of foreclosure and bankruptcy.
- ▶ operational support for Neighborhood Housing Services, a community-based revitalization program.
- ▶ financing of innovative mixed-income housing in the Central City (Co-housing development).
- ▶ market and financial feasibility studies for housing on the R Street Corridor.
- ▶ encouragement of mixed-income housing in the Central City through funding competition and subsidies (La Pensione, Sutter Place, Metro Court, 16th and O Mixed Use).
- ▶ land-banking for future housing sites.

In addition to these activities, tax increment funds were also committed to debt service expenditures for Riverview Plaza, a high rise development for low-income seniors, with ground floor retail, offices, and a child care center.

Housing fund expenditures have increased substantially since 1989, with the availability of Certificates of Participation and Tax Allocation Bond proceeds. As of the end of 1992, the tax increment setaside funds, including cumulative carryovers, have all been committed for low-income housing developments.

LOW-MOD

9. GOALS, POLICIES AND PROGRAMS

This section describes the goals, policies and implementation programs for the development, improvement and maintenance of housing in Sacramento. The goals are general statements reflecting the City's values, while the policies indicate principles to guide its actions to meet the overall housing goals. Existing and new programs follow each policy describing implementing actions the City will take within the next five years to meet housing policy.

The City's primary housing goals are the following:

- **Provide adequate housing sites and opportunities for all households.**
- **Provide housing assistance to low and moderate income households.**
- **Mitigate governmental and nongovernmental constraints in the development and assistance of housing.**
- **Conserve and rehabilitate affordable housing.**
- **Promote equal housing opportunity and address special housing needs.**
- **Monitor and coordinate the City's housing performance.**

Quantified objectives and an implementation schedule for these goals and related housing policies and programs follow in Section 8 of this element. The City proposes continuation of previous policies that were successful or instrumental in achieving the goals and objectives from the 1985 Housing Element Update. Changing housing needs and diminishing available federal and local funding sources since the previous update, have necessitated new policies and programs to address the City's projected needs. The current five-year housing goals incorporate the goals from the previous Housing Element Update. A comparison of Sacramento's current housing goals to those from 1985 are displayed in Table 9-1.

Table 9-1: COMPARISON OF CURRENT AND PAST HOUSING GOALS

1992-1996 Housing Goals	1985-1991 Housing Goals
<i>Provide adequate housing sites and opportunities for all households.</i>	<i>Meet new housing needs for all income groups.</i>
	<i>Conduct further studies to examine the possibilities and implications of increasing the ratio of housing to jobs in the City of Sacramento.</i>
	<i>Provide a mixture of housing types and styles throughout the City.</i>
<i>Provide housing assistance to low and moderate income households.</i>	<i>Provide affordable housing for all income groups.</i>
	<i>Create new programs emphasizing the utilization of local resources to meet Sacramento's changing housing provision needs.</i>
<i>Mitigate governmental and nongovernmental constraints in the development and assistance of housing.</i>	<i>(Several 1985-1991 goals apply).</i>
<i>Conserve and rehabilitate affordable housing.</i>	<i>Maintain and improve the existing housing stock.</i>
	<i>Provide quality housing that is safe and attractive.</i>
<i>Provide equal housing opportunity for all households and address special housing needs.</i>	<i>Prevent housing discrimination and provide accessibility and housing opportunities for special need groups.</i>
<i>Monitor and coordinate the City's performance in meeting its housing goals.</i>	<i>Assure that regional housing needs are met in a timely, efficient, and equitable manner.</i>

9.1 GOAL: PROVIDE ADEQUATE HOUSING SITES AND OPPORTUNITIES FOR ALL HOUSEHOLDS

An adequate supply of sites for new housing is needed to accommodate Sacramento's projected growth. The Regional Housing Needs allocation indicated that by 1996, an additional 16,751 housing units would be needed to accommodate all households. Population growth trends indicate that Sacramento will need to provide an adequate residential land supply to accommodate a variety of housing types and households of all income levels and sizes. Land will be needed for single family, multi-family, detached, attached, rental, ownership, and large and small housing units. According

to the 1990 Census, household sizes in Sacramento are changing beyond the traditional two-parent with children family. Both older and younger households will require an array of choices in housing size, price, style and associated amenities or proximity to services and employment centers.

POLICY 9.1A: Maintain and increase the City's potential residential land supply to accommodate projected housing needs.

Retention of potential residential sites, lower density as well as higher density designated sites, is necessary to meet Sacramento's projected housing needs. Furthermore, the State requires local jurisdictions to maintain an adequate land supply to serve all of its households.

Programs

- 1) Maintain minimum densities for residential development in order to optimize housing opportunities on vacant residential land. Existing program: Maintenance of minimum densities via General Plan and Community Plan updates.
- 2) Develop locational, site and design criteria for the evaluation of suitable sites for medium to high density development. The criteria should encourage medium-high density housing types on sites within close proximity (1/8-1/4 mile) to light rail transit stations, major bus routes, commercial centers and social service centers. Conduct study and identify potential sites adjacent to transit, employment centers, social services, and commercial shopping centers as areas of housing opportunity. This study would be important to those light rail stations with remaining undeveloped land. Similar work has been completed for North Natomas' future light rail station areas. Studies are currently underway for North Sacramento and Richards Boulevard/Southern Pacific Railyards. New program: Development of location and site criteria for multi-family housing.
- 3) Complete or initiate sphere of influence and annexation studies within logical growth areas adjacent to the City limits. Existing program: Annexations.
- 4) Maintain existing units and increase the supply of affordable housing through redevelopment, rezoning, site acquisition and land banking. Existing programs: Redevelopment Target Areas, site acquisition, land banking.

POLICY 9.1B: Provide adequate infrastructure and financing mechanisms to meet City service standards for projected residential development.

The City will need basic infrastructure and public facility improvements to serve the

projected residential development. Needed infrastructure includes transportation, water facilities, sewer collection and drainage, as well as building and siting of public facilities, such as fire stations, schools and libraries. As part of the planning process, the City will continue to assess funding methods for new infrastructure and financing improvement costs which are often seen as a financial constraint to residential development. The City will continue to evaluate the infrastructure needs within community plan areas that are experiencing new growth and consider new funding mechanisms. In particular, the City should work with the Sacramento City Unified School District and other school districts to assess and plan for school facilities.

Programs

- 1) Revise or complete infrastructure financing plans currently underway for areas of new growth. Existing programs: Infrastructure and financing plans for North Natomas and Southern Pacific/Richards Boulevard area.
- 2) Encourage the City and school districts to work together to address school facilities needs and explore innovative methods of funding new school construction. New program: School facilities needs assessment.

POLICY 9.1C: Promote residential infill development in selected older neighborhoods through flexible development standards.

Infill sites are vacant or underutilized urban lots that, if properly developed, could accommodate additional housing as well as assist in neighborhood revitalization and stabilization. Development of these lots could better utilize existing infrastructure and City services, provide additional housing opportunities, and eliminate blight that the underdeveloped lots could be contributing to the neighborhoods. By providing housing in close-in urban areas and helping to reduce commuter trips, residential infill development furthers other important City objectives to improve air quality and promote public transportation by providing housing near job sites.

Programs

- 1) Continue to implement and strengthen the City's Infill and Deep Lot Development Ordinances which encourage compatible residential infill development. Create additional incentives for residential infill development to streamline the permit approval process by reducing permit costs as well as time, and institute flexibility to encourage development that is appropriate for the neighborhood. Modify existing program: Infill Program, Deep Lot Development.
- 2) Identify mitigation measures to meet noise standards for residential infill sites. New program: Noise mitigation study for infill projects.

POLICY 9.1D: Consider and encourage opportunities for mixed use development within public transportation corridors, redevelopment areas and new employment centers, where appropriate and economically feasible.

By encouraging development of mixed residential and commercial use on nonresidential land, the City would have more opportunities for additional housing. The City should modify existing zoning regulations and development standards to permit mixed use opportunities. Along with modification of regulations, the City should create incentives for development of mixed use projects.

Programs

- 1) Administer the Artist Live/Work Space Ordinance permitting live/work spaces and arts activities in all residential and nonresidential zones provided certain restrictions are followed. Existing program: Artist Live/Work Space regulations.
- 2) Consider implementation of residential mixed use zones in redevelopment areas (such as the Southern Pacific/Richards Boulevard Area, North Sacramento), major employment centers and in the Central City. New program: Central City Housing Strategy Implementation Plan, Southern Pacific/Richards Boulevard Plan and other studies and plans.
- 3) Consider use of the "employment center" concept which allows residential in a business park setting (with a maximum 25% of acreage towards residential use). This would apply the "employment center" concept developed in the North Natomas Community Plan Area citywide. New program: Employment Center concept application.

POLICY 9.1E: Promote a variety of housing types within neighborhoods to encourage economic diversity.

Community plans for South Sacramento, South Natomas and North Natomas contain policies that encourage the construction of two or more housing types (such as single family and duplex or halfplex units) within projects of twenty or more acres to foster economic diversity and opportunity. The City's vacant residential land inventory indicates that Sacramento is becoming an infill city: a city with scattered parcels available for development. With the exception of North Natomas, few parcels comprising twenty or more acres are available for residential development. In 1991 when the inventory was taken, only forty parcels of twenty to twenty-nine acres were available in Sacramento. There were only forty-nine parcels of thirty acres or more. The inventory indicates that a significant amount (76) of undeveloped single parcels ten to nineteen acres in size still exist within Sacramento. Those parcels (as well as the larger parcels) could adequately accommodate a mix of housing types.

The City should consider careful application of this policy on a neighborhood-by-neighborhood basis. Certain neighborhoods with their fair share of rental and higher density housing have expressed concern over accruing additional multi-family housing. South Natomas, North Sacramento and Airport Meadowview, for instance, are attempting to balance the need for mixed housing types with other concerns, such as ownership and move-up opportunities.

For purposes of this policy, a second housing type is an alternative to the standard single family detached unit.

Programs

- 1) Consider, in future community plan updates, including fair share housing needs within each neighborhood. As appropriate, include policies that encourage development of a variety of housing types in large subdivisions. New/existing program: Community plan updates.
- 2) Encourage the development of a variety of housing styles and lot sizes to accommodate residents who wish to "move-up" within their community plan area. New/existing program: Community plan updates.

9.2 GOAL: PROVIDE HOUSING ASSISTANCE TO LOW AND MODERATE INCOME HOUSEHOLDS

The City recognizes the need to provide housing assistance to lower income households through a variety of programs funded by a combination of public, private and non-profit sector resources. In addition, tax increment funds are available to the City through the Redevelopment Agency to improve the quality and quantity of housing for very low, low and moderate income households and persons in redevelopment target areas. Housing assistance resulting in new construction, substantial rehabilitation, conversion and reconstruction targets both ownership and rental housing opportunities. The City also recognizes the importance of continual evaluation of existing resources and exploring new ones with which to achieve this goal.

POLICY 9.2A: Increase affordable housing opportunities in new developments and implement a fair share distribution of affordable housing units throughout Sacramento communities.

New programs are needed to reinforce existing programs that increase Sacramento's affordable housing supply in order to meet the estimated 1989-1996 regional housing need of 9,410 new housing units affordable to very low, low and moderate income households. The Sacramento Housing and Redevelopment Agency's affordable

housing strategies will result in new construction of rental and owner housing, single family and multi-family units, and residential hotel (SRO) units.

Development and adoption of an inclusionary housing policy and ordinance is one way to provide affordable housing units in all major housing projects. In September 1991, the City Council passed a resolution directing Redevelopment Agency and City Planning Department staff to prepare a policy and ordinance that would meet the following primary objectives and assist the City in providing an affordable housing supply.

- Ensure that the affordable housing supply increases as the community grows.
- Ensure that affordable housing opportunities are dispersed throughout the City so that there is a fair share distribution of affordable housing in all communities.
- Improve the jobs/housing balance by providing affordable housing opportunities within a reasonable commute distance of employment centers.

An inclusionary housing policy and ordinance would provide an affordable housing supply and promote economic integration of all households within each new development. Council recommended that the ordinance require application of the inclusionary housing policy to all new residential construction consisting of more than sixteen proposed housing units. The ordinance would require 15% of all units in new "for sale" projects be sold at prices affordable to moderate income households earning 100% of the area median income. Consideration should be given toward including a recapture provision in the ordinance in order to provide continued affordability.

Under the inclusionary housing ordinance, new rental projects would be required to consult with the Sacramento Housing and Redevelopment Agency to determine the availability of subsidies and whether or not units would need to be targeted to median income households. If local public subsidies were available, rental projects would need to reserve a minimum of 10% of total units for low income households earning 80% of median income. If available subsidies would enable deeper targeting, those units would be reserved for households earning less than 80% of the median income.

In addition, the ordinance and policy would be developed to exempt certain communities that have met their fair share of lower income housing. The City would also encourage the adoption of a similar inclusionary housing program on a county-wide basis to promote more regional economic integration.

Programs

- 1) Consider adoption and implementation of an inclusionary housing ordinance to promote the development of affordable housing for low and moderate income

households throughout the City. New program: Inclusionary Housing Ordinance.

- 2) Continue to implement the fair share housing plan to guide the location of public assisted housing throughout the City. Existing program: Fair Share Plan.

POLICY 9.2B: Within the City's financial constraints, continue to provide appropriate financial and development incentives to promote development of affordable housing.

The City currently offers developers a maximum 25% density increase for residential projects that provide a minimum percentage of total housing units to lower income households or senior citizens. In addition, the City's existing infill program offers a density bonus increase to developers proposing residential projects on designated infill sites or within infill areas. The water development fee is also waived for residential infill sites. The City is considering amending the infill program to offer more density flexibility, such as a density increase or decrease, as an incentive to promote housing development. The ordinance amendments would specify conditions under which the potential change in density would apply. In addition to greater density flexibility, the City is considering other incentives, such as permit streamlining, to encourage infill development.

Besides the water development fee waiver, the City gives the Planning Director the ability to waive or reduce planning entitlement fees for residential projects intended for low or moderate income households. These fee waivers reduce development costs and contribute towards long term housing affordability.

Programs

- 1) Continue to offer density bonus and other financial incentives, as designated under the State Density Bonus Law, for projects providing units affordable to low, very low income or senior households. Existing program: State Density Bonus.
- 2) Continue to allow the Planning Director the discretion to waive or reduce planning processing fees for projects that provide permanent affordable housing to low and moderate income households. Existing program: Planning Director's fee waiver.
- 3) Continue to waive water development fees for projects located on designated infill sites or within infill areas. Existing program: Water development fee waiver for infill.

POLICY 9.2C: Provide assistance to help low and moderate income households locate and retain affordable housing.

The Sacramento Housing and Redevelopment Agency provides various programs and services to help low and moderate income households find suitable and affordable housing. Several programs which the Agency implements help prevent homelessness and strengthen the ability of lower income households to remain housed.

Programs

- 1) Continue to provide housing information and referral services on affordable housing opportunities. Existing program: Community Information Center-Housing Referral Clearinghouse.
- 2) Continue developing, funding and implementing programs that provide services supporting affordable housing. Existing programs: Operation Bootstrap, Child Development Center, Housing Relocation Assistance. (SHRA administers several other housing support programs).
- 3) Continue traditional and non-traditional public housing construction programs. Existing program: Public/non-traditional public housing - new construction.

POLICY 9.2D: Support community based non-profit organizations that develop affordable housing.

Non-profit housing development organizations can be effective in the development of affordable housing. Existing non-profit organizations in Sacramento, however, are faced with limited capacity, production experience and capital. The City should provide these organizations with technical aid and, when feasible, financial support to increase their development capacity. The City should continue to work with non-profit housing developers to ensure that financial and other resources that are available for the development of affordable housing are effectively utilized.

Programs

- 1) Create a policy advisory committee comprised of non-profit developers to provide input to the City and SHRA on the prioritization of available funding for the production of affordable housing. The group could also comment on the type of technical assistance needed to support non-profit organizations. New program: Policy Advisory Committee.
- 2) Promote non-profit financial and management capacity building. New program: Non-profit capacity building.

POLICY 9.2E: Maximize the use of tax increment financing for the development of housing affordable to low and moderate income households.

The City should continue to set aside a higher percentage of tax increments funds for housing development than the State-mandated 20%. Tax increment revenues generated from the four existing redevelopment areas in the City have financed self-help housing, mixed income rental housing, residential hotels, senior housing, homeless transitional and emergency housing, and site acquisition for ownership housing as well as public housing. Tax increment funds continue to be one of the City's guaranteed albeit limited local funding sources for affordable housing development.

Programs

- 1) Increase housing affordable to low and moderate income households in existing and future redevelopment target areas. Existing programs: Neighborhood redevelopment plans.

9.3 GOAL: MITIGATE GOVERNMENTAL AND NONGOVERNMENTAL CONSTRAINTS IN THE DEVELOPMENT AND ASSISTANCE OF HOUSING

The City recognizes that government fees and processing procedures contribute to the cost of housing, thereby affecting housing affordability for some households. At the same time, the City has a responsibility to fund essential services (with limited tax revenue) and assure that adequate service levels are maintained and State environmental and planning laws are followed. Nongovernmental constraints such as land supply and construction costs, and lack of financing act as additional barriers to housing development. Mitigation of these potential constraints could facilitate the production and rehabilitation of housing and still support and encourage public participation.

POLICY 9.3A: Streamline the permit application process to reduce the length of time for review and approval.

Delegating the level of decision-making from the Council to the Commission or staff on permit processing could reduce development costs by reducing time and fees. An improved pre-application process also includes early staff identification of planning and building issues and potential options. The City could further expedite the permit process by continuing to offer centralized permit processing and concurrent review of multiple permits.

The City recently made efforts to streamline the review and approval process by establishing an "application review task force", a multi-department group whose

purpose was to assess the process and recommend improvements. This task force proposed the following goals:

- ◆ Delegate decision-making at the earliest and most appropriate point in the process.
- ◆ Provide comprehensive and timely processing of applications.
- ◆ Build a process which keeps the applicant advised.
- ◆ Involve interested parties at the earliest point; keep community groups informed.

The task force members recommended several implementation measures to achieve these goals; the major recommendations follow, along with other programs the City could implement to streamline the process.

Programs

- 1) Establish the Zoning Administrator function whose primary responsibility would be to oversee the public information counter, administer and maintain the Zoning Ordinance, and act upon minor zoning and other routine permit applications. New program: Office of the Zoning Administrator.
- 2) Continue to implement the early policy review process whereby the Planning Commission and City Council review projects with major policy and land use issues and advise the applicant of policy areas that he or she needs to address prior to the formal application review. Existing program: Early Policy Review.
- 3) Establish an interdepartmental committee to coordinate early review of development projects and address policy concerns. That committee consists of the Planning and Development, Public works, and other City departments involved with the building and planning process. Existing program: Interdepartmental Planning Policy Review Committee.
- 4) Amend and implement the City's Subdivision Ordinance Regulations to streamline the map process and reflect current development and infrastructure standards. New program: Subdivision Ordinance amendment.
- 5) Continue to amend the Zoning Ordinance, as appropriate, to reduce discretionary reviews. Existing program: Periodic review and amendment of the Zoning Ordinance.
- 6) Study and implement potential reductions of permit fees for smaller residential project inequities. New program: Permit fee study.

POLICY 9.3B: Provide for early notification and consultation with appropriate neighborhood organizations to facilitate resolution of land use issues.

The City recently completed a study on the creation and implementation of an early notification system to inform the public of forthcoming development projects within their neighborhood. This action was in response to neighborhood organizations throughout Sacramento requesting the opportunity to have input in both new and redevelopment projects affecting their membership or environs. A task force comprised of City staff, neighborhood associations and building industry representatives reached the consensus that establishment of an early notification system would benefit all involved parties and eliminate later delays in the review and approval process.

Programs

- 1) Notify neighborhood associations early in the review of Rezoning, Special Permit, Variance, Plan Amendment, and "R" Review planning entitlement applications. Existing program: Early notification to neighborhood associations.
- 2) Amend the Zoning Ordinance to extend the mailing notification radii for certain planning entitlement applications. Existing program: Zoning Ordinance amendment.
- 3) Encourage and promote dialogue between the applicant/developer and the neighborhood. Existing program: Facilitation of communication between all players.

POLICY 9.3C: Continue to require adequate flood protection to justify removal of the residential building restrictions in the Natomas area.

The Federal Emergency Management Agency (FEMA) and the Corps of Engineers reassessed the stability of the existing levee systems along the Sacramento and American Rivers following the 1986 storms, and determined that Sacramento had inadequate flood control protection. In acknowledgment of a greater flood hazard, the City of Sacramento imposed requirements through the Building Code and the Zoning Ordinance on new residential development in North Natomas and South Natomas, which are most at risk of flooding. Those requirements involved elevating new residential construction to an appropriate level to avoid potential flood danger or approval of a variance from these requirements. In effect, the costs associated with elevation and the variance procedure have rendered all new residential construction as impossible. Through the Sacramento Area Flood Control Agency (SAFCA), the City is working with FEMA to provide adequate flood protection and justify removal of the residential building regulations. A potential 34,320 housing units could be built in the Natomas area if the City were able to lift the residential building restrictions.

SAFCA's objective is to ensure as much flood protection as possible by November 7, 1992, the federal compliance date. The steps which SAFCA is taking towards compliance are briefly described below.

Programs

- 1) Complete the Sacramento River levee stabilization project. Existing program: Levee stabilization project.
- 2) Begin construction of needed improvements along the perimeter levee system protecting Natomas. Existing program: Perimeter levee system improvements.
- 3) Implement permanent protection plan along the main stem of the American River as authorized by Congress. Existing program: American River Protection plan.
- 4) Modify operation of Folsom Dam and Reservoir to provide a minimum 100-year level of flood protection on an interim basis until such time as permanent protection is available. Existing program: Folsom Dam and Reservoir operation modification.

POLICY 9.3D: Modify development standards to improve economic feasibility of residential development.

Modification of existing development standards could increase overall housing efficiencies and productivity. The City could modify certain infrastructure standards to allow more flexibility and encourage residential development. Reduction of street widths, for instance, might increase the number of lots available for development. The City could also consider relaxing specific land use and zoning controls in certain circumstances to promote housing development. For instance, it might be beneficial to the City to reduce setback and lot coverage requirements in certain areas. Recently adopted and ongoing studies, such as the Central City Housing Strategy and Infill Program, have examined the possibility of adjusting various standards to promote housing production that might be good models for modification of other development standards in the city.

Programs

- 1) Study and modify infrastructure standards, including major street construction, local street widths, sizing of streets based on TSM trip reductions, curb, gutter and sidewalk requirements. New program: Modification study of infrastructure development standards.

POLICY 9.3E: Promote partnerships between lending institutions, developers, housing interest groups and the community to encourage sufficient availability of financing for affordable housing projects.

The City should promote a housing partnership between lending institutions, residential developers, housing interest groups and the community to ensure that financing is available to building housing in all neighborhoods. Both the City and the County are currently studying establishment of such a housing finance partnership to bring together various funding sources with housing developers to develop and implement a program for construction and/or rehabilitation of affordable housing units. The general purpose of the program is to increase the efficiency of affordable housing production.

Establishment of a housing partnership could provide a "one-stop" financing shopping center where various housing proposals could be packaged. A public/private partnership such as this could also generate predictable funding, streamline the financial packaging and brokerage process and develop financial structures and legal mechanisms which could then be replicated for future projects. Furthermore, a housing partnership could serve as a vehicle for lenders to participate in "risk-sharing" for their various investments and a means to meeting their respective Community Reinvestment Act obligations.

Programs

- 1) Establish and support a public/private housing partnership which could develop a "one-stop financing shopping center." New program: Housing Partnership.
- 2) Encourage the Federal Reserve Bank to monitor the performance of local lenders for compliance with the Community Reinvestment Act of 1977 (CRA) which requires their involvement in programs designed to meet Sacramento's community development and investment needs. Existing program: Community Reinvestment Act monitoring.

POLICY 9.3F: Encourage energy efficiency and conservation in new residential projects.

Ongoing support of existing energy conservation measures and encouragement of additional policies is one means by which the City could help control rising construction costs. Technological advances and effective site design could reduce development costs while providing long-term energy efficient housing. The City should take steps to better integrate solar access planning into the land use planning process in order to meet existing and future energy concerns. The Sacramento Municipal Utility District (SMUD) offers energy conservation programs that promote compliance above the minimum standards within Title 24 of the California Building

Code. SMUD and the Pacific Gas and Electric Company (PG&E) offer weatherization programs to all households regardless of income to help reduce the costs of operating housing. These weatherization programs are especially effective in reducing the monthly costs of lower income affordable housing. Another form of energy assistance available to Sacramento households is the tree planting program administered by SHRA in consultation with SMUD and the Sacramento Tree Foundation.

Programs

- 1) Support SMUD's Energy Efficient New Construction Program which provides financial incentives to builders to exceed minimum energy efficiency standards. Existing program: Energy Efficient New Construction Program.
- 2) Support SMUD and PG&E's program to retrofit existing housing for energy efficiency. Existing program: Weatherization Program.
- 3) Continue to administer the Tree Planting Program to provide shade and to help with neighborhood revitalization and beautification. Existing program: Tree Planting Program.

9.4 GOAL: CONSERVE SACRAMENTO NEIGHBORHOODS AND REHABILITATE AFFORDABLE HOUSING

Given the financing and construction expenses of new housing, the existing housing supply is the City's best source of housing affordable to lower income households. Ongoing and new programs targeted to maintain the existing housing stock could result in retention of affordable housing and avoid tenant displacement. The City should target rehabilitation of housing units, especially those affordable to lower income households, in need of repair. Approximately 12,000 existing housing units in the City need some degree of rehabilitation; fifty percent are renter-occupied. There is a continuing need for housing rehabilitation to avoid major expenses associated with demolition or new housing construction.

A key ingredient in successful housing preservation is the participation of the diverse neighborhoods throughout Sacramento. The City should work cooperatively with its neighborhoods, as well as with other participants, to rehabilitate the existing housing supply. A large percentage of Sacramento's affordable housing are located within neighborhoods which investors and policy-makers have traditionally ignored. The City needs to recognize that neighborhoods and their residents, as well as the investment and development community, must be included in policy decisions in order for successful implementation to occur. Even stable neighborhoods and communities that are currently not in need of revitalization assistance should participate in the City's ongoing housing preservation projects. Through outreach efforts, the City will be able to reinforce the sense of community.

POLICY 9.4A: Revitalize and improve the quality of existing Sacramento neighborhoods.

There are several neighborhoods with a large supply of affordable housing in need of rehabilitation. The City has recently instituted programs targeting a wide variety of problems that directly or indirectly affect housing conditions within those communities. Some programs described in this section, such as the Infill Program, strengthen existing older neighborhoods and others, such as the newly adopted early notification system, attempt to inform neighborhood residents and organizations of development and land use projects. While all of the goals, policies and programs addressed in this Element pertain to revitalization and stabilization, the programs below directly assist neighborhoods, especially those that are at a crux in their social and economic survival.

A pilot program which the City is implementing in the Alkali Flat and Mansion Flats neighborhoods is the Neighborhood Reclamation and Protection Plan (NRPP). Its purpose is to control and successfully eliminate gangs and drug problems in the area. Various City departments are working with the community residents to analyze the problems and identify resources to solve them. The City and community will continue to work together to develop and implement an action plan. Consideration should be given to expanding this program to other neighborhoods with similar problems.

Programs

- 1) Continue to implement the Neighborhood Challenge Program, providing educational and technical assistance to all neighborhoods and existing neighborhood associations so that they become more self-reliant. Existing program: Neighborhood Challenge Program.
- 2) Continue to implement the Problem-Oriented Policing (POP) Program, a multi-departmental effort to improve city neighborhoods and abate various code violations. Consider expanding this program to other neighborhoods. Existing program: POP Program.
- 3) Continue to implement the Neighborhood Reclamation and Protection Plan (NRPP), a multi-departmental program designed to control and rid targeted neighborhoods of gangs and drugs. Existing program: Neighborhood Reclamation and Protection Plan.
- 4) Reorganize the Planning Division into geographic teams to improve planning decisions within the City's diverse neighborhoods. New program: Neighborhood-based geographic planning teams.

- 5) Implement neighborhood revitalization and preservation recommendations for the Central City. Existing program: Central City Housing Strategy.
- 6) Continue to implement the Neighborhood Conservation Program. Existing program: Neighborhood Conservation Program.
- 7) Continue to implement the Neighborhood Paint Program. Existing program: Neighborhood Paint Program.
- 8) Continue to support the rehabilitation of owner-occupied homes and multi-family rental. Existing program: Owner Rehabilitation, Multi-Family Rental Rehabilitation.
- 9) Support programs enabling low and moderate income households to become home owners and thereby help conserve affordable housing. The Mortgage Credit Certificate Program targets ownership of existing housing within certain neighborhoods. Existing programs: Mortgage Credit Certificates (MCCs), Community Home Buyers Program, Self-Help Housing Program.
- 10) Continue systematic building code enforcement to preserve and restore housing and thereby help strengthen residential neighborhoods. Existing program: Code enforcement.
- 11) Develop and implement locational criteria for the siting and integration of social service care facilities in residential neighborhoods. New program: Zoning Ordinance Update.
- 12) Where needed, implement the Rent Escrow Account Program (REAP) which would enable tenants to voluntarily place rent in an escrow account in the event identified code violations are not resolved by the landlord. New program: REAP.
- 13) Establish a proactive rental inspection program to ensure rental housing maintenance. New program: Rental Inspection Program.
- 14) Continue and expand residential design review in older neighborhoods. Existing program: Design Review.

POLICY 9.4B: Develop programs to retain the existing assisted housing stock (opt-out units) which may be converted to market rate housing.

Through acquisition and rehabilitation programs, the City could help retain and preserve existing, federally-assisted, affordable housing eligible for conversion to

market rate units. Conversion of those units would result in the loss of valuable affordable housing and tenant displacement.

Programs

- 1) Preserve privately owned HUD-financed low income housing projects that are at risk of conversion to market rate housing. Existing program: Preservation of opt-out units.
- 2) Support and pursue State and Federal legislation to deal with the problem of conversion of affordable housing to market rate housing. Existing program: Seek and secure preservation funds.

POLICY 9.4C: Provide programs to preserve the existing stock of single room occupancy units (SROs).

Since the 1960s, Sacramento has lost approximately 2,500 residential hotel rooms through deterioration, hotel conversions and demolition, leaving about 900 rooms. The City has initiated measures to preserve the remaining SRO stock and increase the supply of residential hotel units available to very low income renters.

Programs

- 1) Continue to implement the Moderate Rehabilitation and Rental Rehabilitation programs. Existing program: Moderate Rehabilitation, Rental Rehabilitation.
- 2) Implement the Residential Hotel Construction and Rehabilitation Program, adopted by Council in 1990, to establish and preserve residential hotels in Sacramento. Existing program: Residential Hotel Construction & Rehabilitation.
- 3) Implement the SRO Ordinance to permit SRO units in certain zones by right and in other zones subject to the granting of a Special Permit. Existing program: SRO Ordinance.
- 4) Implement the residential hotels construction standards as amended by City Council in the Sacramento Building Code. Existing program: Building Code residential hotel construction standards.

POLICY 9.4D: Monitor programs to ensure the retention of mobile home parks.

Mobile home parks provide a valuable source of affordable housing that should be retained since it is often irreplaceable in urban areas due to increasing land costs and development pressures. Residents of mobile home parks could utilize existing public

resources to maintain their mobile homes and/or purchase the parks. The City could also consider adopting an ordinance to help preserve existing mobile home parks.

Sacramento has adopted regulations in the Zoning Ordinance governing the development and maintenance of mobile home parks. The City plans to update these regulations during the future revision of the Ordinance. That update should consider establishing permanent or overlay zoning for mobile home parks as another mechanism to preserve this form of affordable housing.

Programs

- 1) Update and continue to administer the Mobile Home Park regulations, Section 10 of the Zoning Ordinance, regarding development and maintenance of mobile home parks. New/existing program: Mobile Home Park Regulations.
- 2) Provide programs to preserve or offer replacement housing to mobile home park tenants. New program: Replacement program.
- 3) Continue to implement the state-funded Mobile Home Park Assistance Program (MPAP) which assists low income mobile home park tenants acquire their parks. Existing program: MPAP.

POLICY 9.4E: Monitor the conversion of rental housing to condominiums to protect the rental housing supply.

The City should balance the need to maintain adequate rental housing supply with the need to provide affordable ownership opportunities. Monitoring the conversion of rental units to condominiums is one way to deal with potential imbalances and retain existing affordable housing.

Program

- 1) Continue to implement the Condominium Conversion Ordinance which regulates the conversion of rental housing to condominiums and new condominium construction. Existing program: Condominium Conversion Ordinance.

POLICY 9.4F: Preserve landmark and historic residential buildings.

The City could develop a strategy to preserve housing identified as a historic or cultural landmark or of architectural significance. A major component of that preservation strategy would be to identify funding resources to help defray repair costs. Conversion of residential buildings to other uses often occurs due to prohibitively high rehabilitation costs. Preservation of landmark or historic structures,

regardless of use, enhance a community's unique characteristics, and reinforce neighborhood revitalization and stability.

Programs

- 1) Continue to review proposed buildings and modifications of buildings within designated design review districts. Existing program: Design Review and Preservation Board.
- 2) Consider development of a heritage trust fund. New program: Heritage trust fund.

9.5 GOAL: PROMOTE EQUAL HOUSING OPPORTUNITY AND ADDRESS SPECIAL HOUSING NEEDS

All households in Sacramento, regardless of income, age, disability, race, ethnicity, sex, religion, marital status or sexual preference, should have the right to rent, lease, or purchase housing without discrimination. The City has continued to ensure equal housing opportunity through its enforcement of fair housing practices. The City has identified populations with special housing needs and has implemented programs to address their needs. Those groups include the handicapped, elderly, large families, families with female heads of households, and families and persons in need of emergency shelter. (Section 3 details the special housing needs of Sacramento's homeless population).

The Sacramento Housing and Redevelopment Agency plays a crucial role in implementation of programs designed to assist Sacramento's special needs population. The Agency operates and oversees a variety of housing programs and supportive services targeting the homeless, elderly, handicapped, mentally ill, AIDS patients, new large and small households, and those most at risk of becoming homeless or displaced. Through its efforts targeting the latter group, the City is ensuring that the larger group of households and individuals with special housing needs remain in decent affordable housing.

POLICY 9.5A: Provide shelter services to the homeless and support programs that address the causes of homelessness.

Homelessness and its contributing factors continue to be a pervasive problem in Sacramento. Emergency housing and related assistance to homeless individuals and families are currently provided by the City. However, in recognition that prevention of homelessness is the best solution to the problem, priority is being given to a preventative approach to serve those most at risk of becoming homeless or displaced. This approach involves housing construction and rehabilitation and administration of social services to ensure that residents remain housed.

In response to the impact of the public inebriate and homeless on downtown neighborhoods, the City plans to consolidate facilities and services for the homeless in the Richards Boulevard area near 12th and North B Streets. (See Program 4 below). This multi-service campus will house a new social services complex, emergency shelters for the homeless, a detoxification/recovery facility, and centralized services for shelter and non-shelter participants. The site will also contain low-cost "cottage" dwellings for individuals and families who are making a transition from homelessness to mainstream lifestyles. Consolidation and integration of services in the Richards Boulevard area will assist Sacramento and the Redevelopment Agency to effectively serve the homeless over the next twenty years. More importantly, through this comprehensive program, the City of Sacramento will achieve several of its affordable housing goals and help prevent homelessness.

Programs

- 1) Continue to provide and expand emergency shelter facilities for the homeless population. Existing program: Emergency shelter homeless program (a component of the Homeless Program).
- 2) Continue to support and expand transitional housing programs that enable homeless individuals and households to move into permanent housing. Existing programs: Transitional housing programs (such as Shared Housing and Resources Empowerment (SHARE), Independent Living Readiness Pilot Program (ILRP), Transitional Living and Community Support, Resources for Independent Living, and Transitional Housing Program for Families).
- 3) Expand permanent housing opportunities available through the Homeless Program and support its homeless prevention efforts. Continue to provide certificates and vouchers to assist families at risk of being separated due to homelessness or impending homelessness. Existing program: Homeless Program.
 - Implement a security deposit guarantee program, in conjunction with the Department of Social Services, that would guarantee the cost of the security deposit to the participating landlord in the event of tenant default. In return, the tenant makes monthly installments to the landlord toward the deposit cost.
 - Fund and implement a homelessness prevention program.
 - Develop and implement an intensive continuum of housing services for homeless families with children.

- 4) Implement policy within the Richards Boulevard Area Plan to consolidate social service providers within the planning area to enable the homeless to obtain food, shelter and other services in a single location. This will diminish the need for homeless individuals and families to travel widely through the city for services. New program: Richards Boulevard Area social service campus.

POLICY 9.5B: Encourage economic integration, fair housing opportunity and the elimination of discrimination against households with special needs.

The City should support the enforcement of fair housing laws to ensure that all households in Sacramento have equal access to safe and affordable housing. Fair housing practices should prevent discrimination against households with special needs, such as the poor, the elderly, the ill, disabled, female-headed families, immigrants and non-traditional households. Through the Human Rights/Fair Housing Commission, the City of Sacramento has enforced equal and fair access laws; support for the Commission's enforcement and educational activities should continue.

Through promoting enforcement of existing state and federal laws, the City could help eliminate discrimination against households with special needs. The City should implement State and federal legislation addressing prevention of discrimination against households with children as well as ensure housing accessibility for households with physically challenged members. Furthermore, Equal housing opportunity programs should provide a means for resolution of housing discrimination complaints.

Programs

- 1) Continue to enforce fair housing laws. Existing program: Fair housing.
- 2) Provide equal housing opportunity for challenged people with disabilities. Existing program: Handicapped Assistance Programs.
- 3) Continue to support enforcement practices of the Human Rights/Fair Housing Commission addressing discrimination against households with special needs. Existing program: Anti-discrimination policies.
- 4) Ensure that residential projects comply with the American Disabilities Act. New program: American Disabilities Act compliance.
- 5) Support neighborhood efforts to resolve tenant complaints. New program: McGeorge Law School/Neighborhood Mediation Program.

POLICY 9.5C: Encourage a variety of housing types for households with special housing needs, including large families.

The City should continue to explore alternative housing options for households with special needs as well as for all households. Shared living arrangements are one housing alternative to explore to provide affordable and innovative housing to households with special needs. Special user groups could also benefit from other cooperative arrangements such as co-housing development and limited equity housing cooperatives.

The City provides various rental assistance programs which serve the low income renter and households with special needs, such as the elderly, AIDS patients, and the handicapped. For many households, renting continues to be a preferred and more viable economic option than owning.

Programs

- 1) Explore availability and expansion of existing State funding for development and implementation of shared living programs. New program: Shared Living Program.
- 2) Continue to promote the concept of co-housing and facilitate development of co-housing projects throughout the city. Support the development of housing cooperatives which offer residents (of all income levels) the opportunity to participate in the management and operations of the cooperative. New programs: Co-housing/cooperatives development.
- 3) Develop a program to provide adequate housing to larger households in order to relieve the problem of overcrowding. New program: Program development to address overcrowding.

9.6 GOAL: MONITOR AND COORDINATE HOUSING PERFORMANCE

The City recognizes the need to coordinate its many efforts to implement its identified housing strategies. Successful development of affordable housing depends on coordination and active participation of the SHRA, the Department of Planning and Development, other City departments, and various regional agencies which provide technical support or serve in an advisory capacity.

POLICY 9.6A: Monitor implementation of Housing Element objectives and measures.

Implementation of the Housing Element could be monitored in a variety of ways to ensure that the City meets its objectives.

Programs

- 1) Prepare an annual monitoring report to the City Council on implementation of the Housing Element goals. New program: Annual report.

POLICY 9.6B: Encourage efforts to promote a fair share distribution of affordable housing throughout the Sacramento region.

The City could work in conjunction with other Sacramento area jurisdictions and agencies to develop a region-wide approach to provide affordable housing for all households.

Programs

- 1) Develop and support a City-County Housing partnership whose purpose would be to facilitate the development of permanent affordable housing (such as by way of the Housing Trust Fund or Inclusionary Housing policies) to meet Sacramento's housing needs. New program: City-County Housing partnership.
- 2) Consider development of a regional Housing Element Update for the Sacramento City and County area. New program: City-County joint Housing Element Update.

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10. HOUSING ELEMENT FIVE YEAR IMPLEMENTATION PROGRAMS

10.1 Quantified Objectives

Quantified housing objectives for the five year time frame of the element can be categorized by targeted household income groups as shown in Table 10-1 below. As required under State law, the table classifies the dwelling unit objectives by type of housing assistance, such as housing rehabilitation or conservation of existing affordable housing units. This information is based on the City's housing program objectives and the chart on the following pages.

**Table 10-1: 1991-1996 QUANTIFIED HOUSING UNIT OBJECTIVES
BY INCOME CLASSIFICATION (BASED ON RECOMMENDED PROGRAMS)**

Income Category	Rehabilitation	Conservation
Very Low Income (0-50%)	1,144	2,046
Low Income (51-80%)	843	1,725
Moderate Income (81-120%)	229	2,675
Above Moderate Income (120 + %)	0	125
Total	2,216 units	6,571 units

Source: See Table 10-4 for program objectives detail.

New construction objectives (Table 10-2) are shown for the City of Sacramento. The majority of new units will be affordable to moderate and above moderate income households. These numbers are projections based on previous housing activity. However, the recession may continue to inhibit new housing construction and the City's ability to meet these housing objectives.

Table 10-2: NEW CONSTRUCTION OBJECTIVES (1991-1996) ¹

Income Category	No. of Units	% Total
Very Low (0-50%)	640	10.8%
Low (51-80%)	410	6.9%
Moderate ² (81-120%)	2,260	38.2%
Above Moderate ² (120 + %)	2,610	44.1%
Total	5,920	100%

1. See Table 10-4 "Program Objectives" for detail.

2. Moderate and Above Moderate income objectives are dependent on private market activity. Estimates based on 1991 and 1992 new construction activity.

In addition to the housing units anticipated for rehabilitation, conservation or construction, the Redevelopment Agency plans to add more emergency shelter and transitional housing beds to serve the City and County's homeless population. By the end of July 1996, 1,944 total beds should be available to serve the growing number of homeless individuals and families.

Additional implementation detail for the City's various affordable housing programs is shown in the following chart. The five year implementation chart identifies the status of the programs (which correspond to the housing policies described in Section Nine), the agency responsible for program implementation, time frame, and quantified objectives. Not all listed programs contain quantified objectives; some programs are instrumental in supporting housing production and maintenance but do not result in quantifiable housing units.

10.2 FIVE YEAR (1991-1996) IMPLEMENTATION PROGRAMS

GOAL 9.1: PROVIDE ADEQUATE HOUSING SITES AND OPPORTUNITIES FOR ALL HOUSEHOLDS.

PROGRAM	STATUS	RESPONSIBLE AGENCY	FUNDING SOURCE	TIME FRAME	QUANTIFIED OBJECTIVES
<i>Policy 9.1A: Maintain and increase the City's potential residential land supply to accommodate projected housing needs.</i>					
1. Maintenance of minimum densities through Community Plan and General Plan updates.	Existing	Planning & Development	General Fund	Ongoing	Not applicable
2. Site study and criteria development to optimize residential development near transit and employment centers.	New	Planning & Development	General Fund	FY 93-94	Not applicable
3. Complete or initiate reorganization and annexation studies.	Existing	Planning & Development	General Fund	Ongoing	Not applicable
4. Maintain existing units and increase the supply of affordable housing through redevelopment, site acquisition and land banking.	Existing	SHRA	Tax Increment, Other sources	Ongoing	Not applicable
<i>Policy 9.1B: Provide adequate infrastructure and financing mechanisms to meet City services standards for projected residential development.</i>					
1. Infrastructure and financing plans.	Existing	Public Works	General Fund	FY 92-93	Not applicable
2. School facilities needs assessment and financing plan.	New	Planning & Development, School Districts		FY 93-94	Not applicable
<i>Policy 9.1C: Promote residential infill development in selected older neighborhoods through flexible development standards.</i>					
1. Implement Infill and Deep Lot Ordinance.	Existing (Modifications)	Planning & Development, SHRA	General Fund	Ongoing	175 units (5 years)
2. Identify mitigation measures to meet noise standards for infill sites.	New	Planning & Development	General Fund	Ongoing	Not applicable

PROGRAM	STATUS	RESPONSIBLE AGENCY	FUNDING SOURCE	TIME FRAME	QUANTIFIED OBJECTIVES
<i>Policy 9.1D: Consider and encourage opportunities for mixed use development within public transportation corridors, redevelopment areas and new employment centers, where appropriate.</i>					
1. Administer Artist Live/Work Space Ordinance.	Existing	Planning & Development	General Fund	Ongoing	Not applicable
2. Implement residential mixed use zones in redevelopment areas (Southern Pacific/Richards Boulevard Area, North Sacramento) and in the Central City.	New	Planning & Development	General Fund, Tax Increment, Private sector	Ongoing	Not applicable
3. Employment Center concept.	New	Planning & Development	General Fund	FY 95-96	Unknown
<i>Policy 9.1E: Promote a variety of housing types within neighborhoods to encourage economic diversity.</i>					
1. Amend/update community plans to identify housing needs within neighborhoods. Include policies, as appropriate, that encourage development of 2 housing types on large lots.	New	Planning & Development	General Fund	Ongoing	Not applicable
2. Encourage development of a variety of housing styles & lot sizes to accommodate residents "moving-up" within their neighborhoods.	New/ Existing (Modifications)	Planning & Development		FY 92-93	Not applicable

GOAL 9.2: PROVIDE HOUSING ASSISTANCE TO LOW AND MODERATE INCOME HOUSEHOLDS

PROGRAM	STATUS	RESPONSIBLE AGENCY	FUNDING SOURCE	TIME FRAME	QUANTIFIED OBJECTIVES
<i>Policy 9.2A: Increase affordable housing opportunities in new developments and provide a fair share distribution of affordable housing units throughout Sacramento communities.</i>					
1. Adopt & implement Inclusionary Housing Ordinance.	New	SHRA, Planning & Development	Private developer, public subsidy	FY 92-93	600 units approx.
2. Continue to implement Fair Share Plan.	Existing	SHRA	Various sources	Ongoing	Not applicable

PROGRAM	STATUS	RESPONSIBLE AGENCY	FUNDING SOURCE	TIME FRAME	QUANTIFIED OBJECTIVES
<i>Policy 9.3D: Modify development standards to improve economic feasibility of residential development.</i>					
1. Modification study of infrastructure development standards, such as the following: (a) Changing the major street cross sections. (b) Size streets based on a 35% reduction in peak hour trips. (c) Consider narrower streets & placement of curb, gutter, sidewalk on one street side.	New	Public Works	General Fund	FY --	Not applicable
<i>Policy 9.3E: Promote partnerships between lending institutions, developers, housing interest groups, and the community to encourage sufficient availability of financing for affordable housing projects.</i>					
1. Establishment of Public/Private Housing Partnership.	New	SHRA	HTF, leveraging, new funding sources	FY 92-93	Not applicable
2. Community Reinvestment Act monitoring.	New	SHRA/Federal	Federal funds	Ongoing	Not applicable
<i>Policy 9.3F: Encourage energy efficiency and conservation in new residential projects.</i>					
1. Energy Efficient New Construction Program.	Existing	SMUD		Ongoing	Not applicable
2. Weatherization Program.	Existing	SMUD/PG&E		Ongoing	500 units (5 years)
3. Tree Planting Program.	Existing	SHRA		Ongoing	Not applicable

GOAL 9.4: CONSERVE AND REHABILITATE AFFORDABLE HOUSING

PROGRAM	STATUS	RESPONSIBLE AGENCY	FUNDING SOURCE	TIME FRAME	QUANTIFIED OBJECTIVES
<i>Policy 9.4A: Revitalize and improve the quality of existing Sacramento neighborhoods.</i>					
1. Neighborhood Challenge Program.	Existing	Planning & Development		Ongoing	Not applicable
2. Problem-Oriented Policing (POP) Program.	Existing	Multi-departmental		Ongoing	Not applicable
3. Neighborhood Reclamation & Protection Plan (NRPP).	Existing	Police Department/ Multi-departmental		Ongoing	Not applicable
4. Establish neighborhood-based geographic teams within the Department of Planning & Development.	New	Planning & Development	General Fund	FY 92-93	Not applicable

PROGRAM	STATUS	RESPONSIBLE AGENCY	FUNDING SOURCE	TIME FRAME	QUANTIFIED OBJECTIVES
<i>Policy 9.4A: Revitalize and improve the quality of existing Sacramento neighborhoods.</i>					
5. Implement neighborhood revitalization recommendations in Central City Housing Strategy.	Existing	Planning & Development, SHRA	General Fund, Other sources	Ongoing	Not applicable
6. Neighborhood Conservation Program (Rehab).	Existing	SHRA	?	Ongoing	40 units
7. Neighborhood Paint Program.	Existing	SHRA		5 years	200 units
8. Continue to support affordable housing rehabilitation programs: (1) Owner Rehabilitation, (2) Multi-Family Rental Rehabilitation.	Existing	SHRA	(1) CDBG (2) CHRP-R	5 years	(1) 250 units (2) 528 units
9. Support programs that enable low and moderate income households become home owners: (1) MCCs, (2) Community Home Buyer's Program, (3) Self-help housing and (4) Single Family Mortgage Revenue Bonds.	Existing	SHRA	(1) Private mortgages (2) Mortgage Insurance	Ongoing	(1) 2,418 units (2) 375 units (3) 50 units (4) 150 units
10. Code Enforcement.	Existing	Planning & Development	General Fund	5 years	2,500 units
11. Develop and implement locational criteria for siting and integration of social service care facilities.	New	Planning & Development	General Fund	FY 92-93	Not applicable
12. Rent Escrow Account Program (REAP).	Existing	Planning & Development	General Fund	Ongoing	Unknown
13. Rental Inspection Program.	New	Planning & Development SHRA	General Fund	Ongoing	Unknown
14. Residential Design Review in older neighborhoods.	Existing	Planning & Development	General Fund	Ongoing	Not applicable
<i>Policy 9.4B: Develop programs to retain the existing assisted housing stock (opt-out units) which may be converted to market rate housing.</i>					
1. Preserve privately owned HUD-financed low income housing projects that are at risk of conversion to market rate housing.	Existing	SHRA	LIHPRHA, Tax Increment, Tax Credits	5 years	917 Units
2. Support and pursue State and Federal legislation to deal with the problem of conversion of affordable housing to market rate housing.	Existing	SHRA	Various sources	Ongoing	Not applicable

Policy 9.4C: Provide programs to preserve the existing stock of single room occupancy (SROs).

1.	Rental Rehabilitation.	Existing	SHRA		5 years	350 units
2.	Residential Hotel Construction & Rehabilitation Program.	Existing	SHRA	HTF, Tax Increment	5 years	265 units-new 180 units-rehab
3.	SRO Ordinance.	Existing	Planning & Development	HTF, Tax Increment	Ongoing	See above.
4.	Building Code residential hotel construction standards.	Existing	Planning & Development	General Fund	Ongoing	Not applicable.

PROGRAM	STATUS	RESPONSIBLE AGENCY	FUNDING SOURCE	TIME FRAME	QUANTIFIED OBJECTIVES
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Policy 9.4D: Monitor programs to ensure the retention of mobile home parks.

1.	Update and Implement Mobile Home Park Regulations.	Existing	Planning & Development		FY 92-93 Ongoing	Not applicable
2.	Mobile Home Rehabilitation Program.	New	SHRA	CDBG	FY 93-94	150 Units
3.	Mobile Home Park Assistance Program (MPAP)	Existing	State (HCD)	State funds	5 years	175 units

Policy 9.4E: Monitor the conversion of rental housing to condominiums to protect the rental housing supply.

1.	Condominium Conversion Ordinance.	Existing	Planning & Development	General Fund	Ongoing	Not applicable
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Policy 9.4F: Preserve landmark and historic residential buildings.

1.	Review proposed building or modification with the Design Review and Preservation Board for projects in designated design review districts.	Existing	Planning & Development	General Fund	Ongoing	Not applicable
2.	Develop and support heritage trust fund.	New	Planning & Development	General Fund	FY ?	Not applicable

GOAL 9.5: PROMOTE EQUAL HOUSING OPPORTUNITY AND ADDRESS SPECIAL HOUSING NEEDS

PROGRAM	STATUS	RESPONSIBLE AGENCY	FUNDING SOURCE	TIME FRAME	QUANTIFIED OBJECTIVES
<i>Policy 9.5A: Provide shelter services to the homeless and support programs that address the causes of homelessness.</i>					
1. Emergency shelter homeless program.	Existing	SHRA	Federal, State & Local Grants	Ongoing	869 beds
2. Transitional Housing Programs	Existing	SHRA	Federal	Five years	1575 beds
3. Homeless Program (Section 8 Certificates/Vouchers)	Existing	SHRA	Section 8	Ongoing	104 units
4. Richards Boulevard Area social service campus.	New	SHRA		1st Phase	

PROGRAM	STATUS	RESPONSIBLE AGENCY	FUNDING SOURCE	TIME FRAME	QUANTIFIED OBJECTIVES
<i>Policy 9.5B: Encourage economic integration, fair housing opportunity and the elimination of discrimination against households with special needs.</i>					
1. Enforcement of fair housing laws.	Existing	Human Rights/Fair Housing Commission	CDBG	Ongoing	Not applicable
2. Handicapped Assistance Programs.	Existing	SHRA		Ongoing	Not applicable
3. Address discrimination against households with special needs.	Existing	Human Rights/Fair Housing Commission		Ongoing	Not applicable
4. American Disabilities Act compliance.	New	Planning & Development	General Fund	Ongoing	Not applicable
5. McGeorge Law School/Neighborhood Mediation Program.	New	Non-City agency		Ongoing	Not applicable

<i>Policy 9.5C: Encourage a variety of housing types for households with special housing needs, including large families.</i>					
1. Shared Living Program.	New	SHRA			
2. Co-housing/cooperatives development.	New	SHRA	Various sources	FY 93-94	25 units
3. Develop program to provide adequate housing to larger households in order to relieve overcrowding.	New	SHRA		FY 94-95	Unknown

GOAL 9.6: MONITOR AND COORDINATE HOUSING PERFORMANCE

PROGRAM	STATUS	RESPONSIBLE AGENCY	FUNDING SOURCE	TIME FRAME	QUANTIFIED OBJECTIVES
<i>Policy 9.6A: Monitor implementation of Housing Element objectives and measures.</i>					
1. Annual report on implementation of Housing Element.	New	Planning & Development	General Fund	Annual	Not applicable
<i>Policy 9.6B: Encourage efforts to promote a fair share distribution of affordable housing throughout the Sacramento region.</i>					
1. Promote a City-County Housing partnership, such as through Housing Trust Fund and Inclusionary Housing.	New	SHRA	General Fund	Ongoing	Not applicable
2. Consider a regional Housing Element Update for the Sacramento area.	New	City of Sacramento County of Sacramento	General Funds	FY 95-96	Not applicable

**Table 10-4: Categorization by Income Group of
1991-1996 Housing Program Objectives**

Number of housing units by income group					
<u>New Construction</u>	<u>Very Low¹</u>	<u>Low²</u>	<u>Moderate³</u>	<u>Above Moderate⁴</u>	<u>Total</u>
• Public Housing	240	-	-	-	
• SRO/Residential Hotels	265	-	-	-	
• Non-Traditional Public Housing	75	75	-	-	
• Self Help Housing	-	50	-	-	
• Single Family Mortgage Revenue Bonds	-	-	150	-	
• Non-Profit Construction (Mutual Housing)	60	60	-	-	
• Infill Housing	-	40	135	-	
• Inclusionary Housing(a)	-	30	270	-	
• Co-Housing Development	-	5	20	-	
• Multi-Family Rental (Revenue Bonds /Tax Credits)(e)	-	150	600	-	
• Single Family Homeownership (f)	-	-	1085	2610	
Subtotal	640	410	2260	2610	5920 units
<u>Rehabilitation</u>					
• Rental Rehabilitation(c)	350	-	-	-	
• Neighborhood Paint	200	-	-	-	
• Owner Rehabilitation(d)	-	250	-	-	
• Neighborhood Conservation	-	20	20	-	
• SRO/Residential Hotels	180	-	-	-	
• Mortgage Credit Certificates	-	209	209	-	
• Non-Profit Rehab (Mutual Housing)	-	100	-	-	
• Multi-Family Rental Housing(c)	264	264	-	-	
• Mobile Home Rehabilitation	150	-	-	-	
Subtotal	1,144	843	229	-	2216 units
<u>Conservation</u>					
• Weatherization	125	125	125	125	
• Mortgage Credit Certificates	-	250	1750	-	
• Community Home Buyer	-	375	-	-	
• Code Enforcement	900	800	800	-	
• MPAP	-	175	-	-	
• LIHPRHA	917	-	-	-	
• Section 8 Vouchers/Certificates	104	-	-	-	
Subtotal	2,046	1,725	2,675	125	6571 units

Source: "Comprehensive Housing Affordability Strategy," 1991, 1992 Update, SHRA, and Planning & Development Records.

Notes: 1. 0 to less than 50% of median income.
2. 51%-80% of median income.

3. 81%-120% of median income.
4. More than 120% of median income.

(a) Adoption/implementation of ordinance pending. Assumes 15% of projected new units will be subject to ordinance.

(c) Programs included: Tax credits, HTF, HOME, Rental Rehabilitation, Tax Increments, State Propositions 107/84/77, CHRP-R.

(d) Includes Agency Rehabilitation Programs, CHRP-O.

(e) Assumes approximately 150 units/year multi-family housing, 25% affordable to low income.

(f) Assumes 670 units/year of single family housing construction activity based on preliminary 1992 housing figures.

**Table 10-5: PLANNED EMERGENCY AND TRANSITIONAL SHELTER BEDS
FOR 1991-1996 FIVE YEAR PERIOD**

<u>Type of Homeless Program</u>	<u>Number of Projected Total Beds</u>
■ Emergency Shelters (beds)	869
■ Transitional Housing (beds)	1,075
	<hr/>
	1,944 Total New Beds

Note: The projected emergency shelter and transitional housing beds will serve the homeless population of the City and County of Sacramento.

Source: SHRA.

HE-10//PROGRAMS